



Fidelity[™]
INTERNATIONAL



FIDELITY EMERGING MARKETS LIMITED

Annual Report for the year ended 30 June 2023

We speak
the language
of opportunity
– wherever it
emerges

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FIDELITY EMERGING MARKETS LIMITED

Whether it's in South African mining, Indian financial services or Chinese infrastructure, we know where to find opportunities hidden within emerging markets.

Fidelity Emerging Markets Limited uncovers great companies through our experienced global team, backed by what we believe are unrivalled on-the-ground research capabilities. Meaning you can make the most of our extensive expertise, without learning a whole new language.

The value of investments can go down as well as up, so you may get back less than you invest. Overseas investments are subject to currency fluctuations.

Investments in emerging markets can be more volatile than other more developed markets. The Company uses financial derivative instruments for investment purposes, which may expose it to a higher degree of risk and can cause investments to experience larger than average price fluctuations.



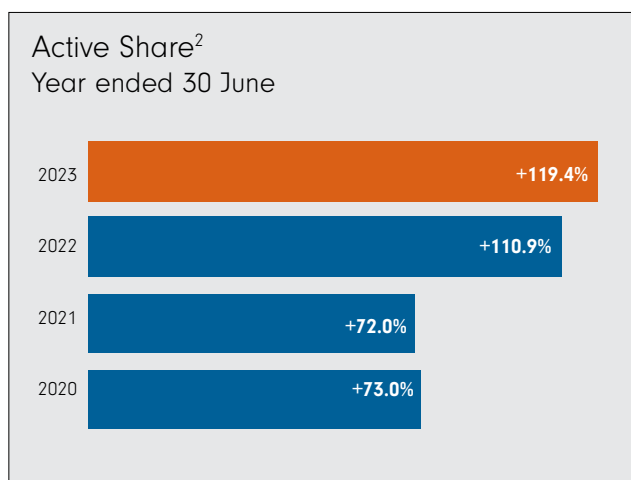
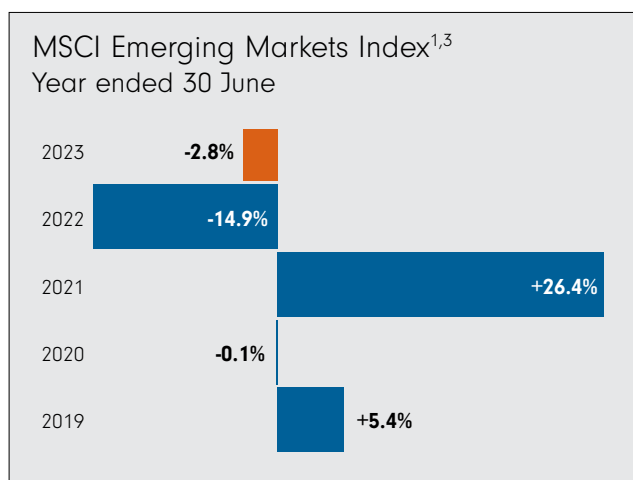
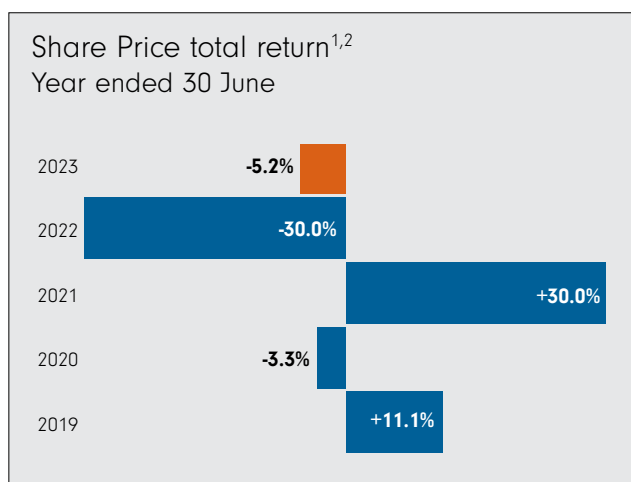
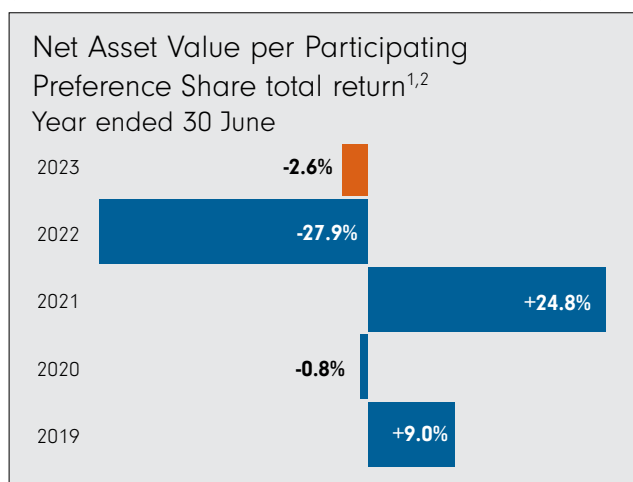
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The Year at a Glance

In the reporting year, the Company's Net Asset Value per Participating Preference Share, in sterling terms declined by 2.6% and the Share Price declined by 5.2%, whilst the Benchmark Index return declined by 2.8% (all performance data on a total return basis).



Source: JPMorgan and Datastream.

1 Includes reinvested income.

2 Alternative Performance Measure – refer to pages 75 and 76 and Glossary of Terms on pages 84 to 86.

3 The Company's Benchmark Index.

As at 30 June 2023

Equity Shareholders' Funds

£626.7m

Market Capitalisation

£535.2m

Capital Structure

Number of Participating Preference Shares in issue

91,100,066

Summary of the key aspects of the Investment Policy

The Company aims to achieve long term growth by primarily investing in securities and financial instruments providing exposure to emerging markets companies.

The Investment Manager invests at least 80% in companies with head offices, listings, assets, operations, income, or revenues predominantly in or derived from emerging markets.

A diversified portfolio of at least 75 holdings in companies listed or operating in at least 15 countries is maintained.

The Company may also invest into other transferable securities, investment companies, money market instruments, unlisted shares, cash and deposits within the limits of the investment policy restrictions as detailed on page 21. It is able to use derivatives for efficient portfolio management, to gain additional market exposure (gearing), to seek a positive return from falling asset prices, and for other investment purposes.

Financial Highlights

	30 June 2023	30 June 2022
Assets as at 30 June		
USD		
Gross Asset Exposure ¹	\$1,185.0m	\$1,120.1m
Equity Shareholders' Funds	\$796.7m	\$796.8m
NAV per Participating Preference Share ²	\$8.75	\$8.75
Dividend per Participating Preference Share	\$0.19	\$0.16
Gross Gearing ^{2,3}	48.7%	40.6%
Net Gearing ^{2,4}	(3.9)%	(7.6)%
GBP		
Gross Asset Exposure ^{1,5}	£932.1m	£922.2m
Equity Shareholders' Funds ⁵	£626.7m	£656.0m
NAV per Participating Preference Share ^{2,5}	£6.88	£7.20
Participating Preference Share Price and Discount as at 30 June		
Participating Preference Share Price at the year end	£5.88	£6.34
Discount to NAV per Participating Preference Share at year end ²	14.61%	12.00%
Number of Participating Preference Shares in issue	91,100,066	91,100,066
Earnings for the year ended 30 June		
Revenue Earnings per Participating Preference Share ⁶	\$0.22	\$0.15
Capital Loss per Participating Preference Share ⁶	\$(0.06)	\$(5.11)
Total Earnings/(Loss) per Participating Preference Share ⁶	\$0.16	\$(4.96)
Ongoing charges ratio ²	0.81%	0.60%

1 The value of the portfolio exposed to market price movements.

2 Alternative Performance Measure - refer to pages 75 and 76 and Glossary of Terms on pages 84 to 86.

3 Gross Asset Exposure less Equity Shareholders' Funds expressed as a percentage of Equity Shareholders' Funds.

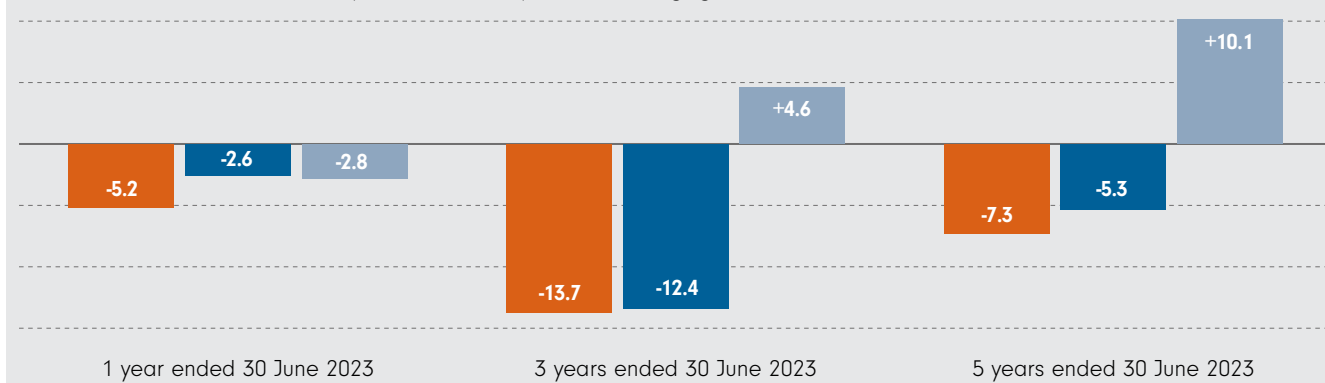
4 Net Market Exposure less Equity Shareholders' Funds expressed as a percentage of Equity Shareholders' Funds.

5 The conversion from USD to GBP is based on exchange rates prevailing at the reporting dates.

6 Calculated based on weighted average number of participating preference shares in issue during the year.

Annual Total Returns in GBP to 30 June 2023 (%)

■ FEML Share Price ■ FEML NAV (net of annual fees) ■ MSCI Emerging Markets Index



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Chairman’s Statement

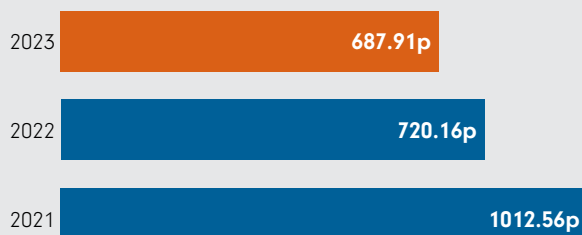
Read more on pages 2 to 3



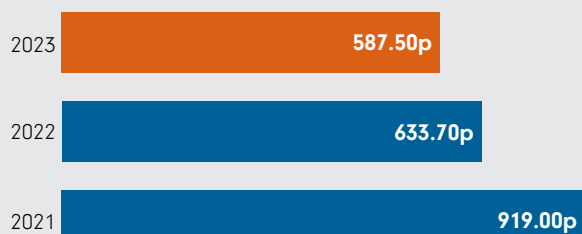
Portfolio Managers’ Review

Read more on pages 4 to 8

Net Asset Value per Share as at 30 June



Share Price as at 30 June



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Chairman's Statement



I present the thirty-fourth annual report of the Company, for the year ended 30 June 2023.

Heather Manners, Chairman

I am pleased to present your Company's 34th annual report, my first as Chairman and covering the first full year under its new name and mandate as Fidelity Emerging Markets Limited. Against a continued difficult global economic and geopolitical backdrop, net asset value ('NAV') total return performance for the year ended 30 June 2023 has been slightly negative, but has outperformed the Company's benchmark, the MSCI Emerging Markets Total Return Index ('the Index'). This is particularly encouraging during a period in which high inflation and tightening monetary policy in the West and disappointing data following China's hotly anticipated post-Covid reopening have unsettled investors worldwide.

Overview

During the 12 month period to 30 June 2023, the NAV of the Company fell by 2.6% in GBP terms, compared with a 2.8% decline in the benchmark index. The share price fell by 5.2% as the discount to NAV widened slightly during the year, from 12.0% to 14.6% (all performance figures stated on a total return basis).

You will find more detail on the contributors to absolute and relative performance in the Portfolio Managers' Review on the following pages. However, your Board believes that Fidelity's unique investment process, with its ability to hold short as well as long positions – thereby investing in the disruptors that can drive growth, and also making money from identifying the disrupted – is a key differentiating factor that is starting to feed into positive performance for the Company. It is worth noting that the open-ended FAST Emerging Markets Fund, which is run using the same approach, has outperformed the Index in seven of the last 10 discrete years to 30 June, in most cases significantly. As well as having a full investment toolkit, your Company also benefits from Fidelity's large and experienced team of portfolio managers and analysts, the majority of whom are based in the markets they cover, giving them an invaluable advantage in terms of identifying new investment opportunities.

At Board level, your Directors and I have been working hard to ensure that current and prospective investors are fully informed about the changes to the Company and the benefits they bring. This is beginning to be reflected in our shareholder register, where we are identifying more self-directed retail investors buying shares through the major investment platforms. This is a great start to our objective to increase our investor base of retail investors, and we hope that the recent improvements in relative performance, combined with our own efforts, can help to drive this forward. We believe a key attraction for fee-conscious investors is our cost efficiency, underpinned by our competitive ongoing charges ratio, which is one of the lowest in the AIC peer group. In our view this represents competitive value for a truly actively managed emerging markets portfolio with an extended set of tools with which to generate returns.

Outlook

On a historical basis, emerging markets themselves offer attractive relative valuations as well as compelling fundamentals. While the Western world struggles with the challenges of over a decade of ultra-loose monetary policy and the fallout from Covid stimulus packages, leading to the highest levels of inflation and interest rates in nearly a generation, in most emerging markets the picture is completely different. The structural case for investing in developing economies remains extremely strong: attractive demographics, a burgeoning middle class providing new markets for goods and services, and economies that can grow more rapidly than those in the West. Many emerging economies have already experienced the pain of higher interest rates and prices

that are facing the developed world, and now have greater monetary policy flexibility as well as declining inflation. In recent years the US stock market has dominated an enormous amount of the rest of the world's liquidity, but outflows from emerging markets funds have begun to slow and even reverse as investors once more get on board with the long-term growth story, buoyed by relatively attractive valuations and in many cases decent dividend yields. In our view, the year ahead may infuse emerging markets with more momentum in terms of performance versus the rest of the world. We believe that your Company's unique approach, top-class management team and cost-efficient structure mean it is in an ideal position to make the most of this improving environment, and we look forward to your Portfolio Managers employing their full range of investment tools to benefit from it.

Board composition

The Company's Board has seen significant changes during the period ended 30 June 2023, with former Chairman Hélène Ploix and Director Sujit Banerji retiring at the 2022 AGM in December and Audit and Risk Committee Chairman and Senior Independent Director, Russell Edey also retiring in May 2023. I joined the Board in May 2022 and became Chair upon Hélène's retirement. Julian Healy was appointed to the Board at the 2022 AGM and took over Russell's role as Chair of the Audit and Risk Committee in May 2023. Torsten Koster, a Director since 2020, is now the Senior Independent Director. Now with five Directors, the longest-serving of whom, Katherine Tsang, has been in post for six years, we do not foresee any further changes to the Board in the near term. We feel the board now has a strong diversity of both background and specialist knowledge and competency.

Discount management

While we have seen some movement in the discount to NAV during the year, it has been within a small range. We began both the first and second half of the Company's financial year with the discount at 12.0%, and ended the year at 14.6%. At the time of writing, the discount had narrowed again to 14.3%. This year we have focused hard on building the Company's profile in the market and the media, alongside investor platforms. We expect this to have a positive effect, over time, on both the shareholder register and the discount. We also retain the ability, to buy back up to 14.99% of our Participating Preference Shares each year in order to manage the a discount. We have confidence that your Investment Manager has the tools and the expertise to continue to build on the recent trend of improved relative performance. Your Board is constantly working closely with the Manager on all these matters and has the goal to reduce the discount as a key priority.

Dividend

A resolution to declare a final dividend of 0.19 cents per share will be proposed at the AGM of the shareholders of the Company that will be held on Thursday, 7 December 2023. Subject to shareholder approval, the final dividend will be paid on 15 December 2023 to shareholders on the Register of Members on 17 November 2023. The ex-dividend date is 16 November 2023.

Annual General Meeting

This year's AGM will be held on Thursday, 7 December 2023 at 8:30 a.m. at the registered office of the Company, Level 3, Mill Court La Charroterie, St Peter Port, Guernsey GY1 1EJ.

Notice of the AGM, containing full details of the business to be conducted at the meeting, is set out on page 78 of this report.

Your attention is also drawn to the Directors' Report on pages 32 and 33, where resolutions relating to special business are explained.

Electronic proxy voting is now available and shareholders are encouraged to submit voting instructions using the web-based voting facility at www.eproxyappointment.com and for institutional shareholders via the CREST system, CREST messages must be received by the issuer's agent (ID number 3RA50) not later than 8.30 am on 5 December 2023. In order to use electronic proxy voting, shareholders will require their shareholder registration number, control number and pin. If you do not have access to these details please contact the Company's Registrar, Computershare, their contact details can be found on page 80 of this report.

Heather Manners

Chairman
12 October 2023

Portfolio Managers' Review



Question

How has the investment company performed in the year to 30th June 2023?

Answer

Nick:

We have seen performance continue to stabilise and improve over the year. It's been a volatile period for markets, as we've seen the ramifications of elevated inflation, cost of living pressures, and tightening monetary policy. A pivotal moment was China's emergence from Covid lockdowns last autumn and the easing of its regulatory stance towards the internet and property sectors. Over the year the portfolio declined on an absolute basis (NAV returns of -2.6% in sterling terms) but marginally outperformed the index (which returned -2.8%). After a challenging initial period in 2022, performance began to stabilise from September, and has continued to improve into 2023.

When I look at some of the top performers over the year, several of the holdings in the financials sector stand out. This includes core long-term positions like India's HDFC Bank, but also some of the mid-cap names like the Greek lender Piraeus Financial Holdings, Brazilian digital challenger bank Nu Holdings, and Kazakhstan's ecommerce and payments platform Kaspi. The Taiwan and South Korean technology names also did well over the period as a whole (despite a difficult 2022) after these stocks rallied following China's reopening and growing hype around artificial intelligence. We have trimmed many of these positions on strength and I think it's important to point out that we are disciplined in taking profits following bouts of strong performance.

The Chinese consumer names we hold have been the main headwind to performance. We are marginally underweight China, but names such as sportswear company Li Ning, dairy producer China Mengniu Dairy and Hong Kong-listed AIA Group have all lagged the market. The moves have largely been multiple driven, although there has also been a slight decline in earnings expectations for some of the companies. The good news is we are seeing many of these companies behave in an increasingly shareholder friendly manner (which I discuss later) and valuations now appear very attractive.

So, overall, a mixed period for markets, but one where we have seen portfolio returns stabilise as we emerge from a difficult 2022 into a year where many of the high-conviction positions have executed well and have underpinned the portfolio's relative performance.

Question

With the conflict in Ukraine ongoing, geopolitical tensions remain at the forefront of investors’ minds. How are you seeking to mitigate this risk?

Answer

Nick:

One of the most important ways that we look to assess geopolitical risk is by calling on external experts. Over the year we have sought to bring more voices to the table, for example geopolitical experts and external strategists, including those from a military or security service background. Although no one has a crystal ball, we focus on staying fully engaged and speaking to people with a range of different perspectives. Fidelity is launching a series of internal talks on geopolitics this year, with the aim to bring in more external speakers who have expertise on governance and security, particularly in areas such as the post-Soviet era, but also on China-Taiwan relations, which we are closely monitoring in the run-up to the Taiwan elections in January.

We continue to look at country positioning closely and run through exposures on a weekly basis. Although the portfolio’s active share remains high, the country bets are more muted than they have been historically. While this is likely not a permanent move, it does feel more appropriate in the current environment. This broadening of the portfolio’s country exposure has taken the stock count higher, reflecting the unpredictability we see in markets. We also examine stock level beta more closely, which has informed the portfolio’s China positioning.

The final element is the role that our research trips play (which Chris talks about in more detail later). The end of Covid lockdowns means we’ve been able to resume overseas trips, which form a crucial part of our due diligence process. I’ve visited Brazil, Mexico, Indonesia, and India, among other places, over the past year, and our entire Asia investment team spent a week in China this summer. Speaking to local experts on their home turf is a vital input and allows us to assess all manner of opportunities and, of course, risks.

Top 5 Positions

As at 30 June 2023	Sector	Portfolio (%)	Index (%)	Relative (%)
Taiwan Semiconductor Manufacturing	Information Technology	10.4	6.8	3.6
HDFC Bank	Financials	6.3	-	6.3
Naspers	Consumer Discretionary	4.7	0.5	4.2
Samsung Electronics	Information Technology	4.4	4.5	-0.1
Kaspi.KZ	Financials	4.2	-	4.2

Question

The rising cost of living continues to pressure consumers across emerging and developed markets. What is your outlook for inflation and interest rates?

Answer

Nick:

Elevated inflation and higher interest rates have clearly been a headwind for both consumers and companies across the world over the past year. However, despite some sticky inflation prints in the UK, there is an improving picture in the US and emerging markets, and I do expect that we will see a near-term fall-off in inflation.

The outlook for emerging markets is particularly positive because central banks across the region have been some of the most proactive in the world and have largely managed to bring inflation under control. That means there are high real rates in many emerging economies, with Brazil being the poster child of this trend. Brazil’s short-term policy rate is 13.75%, while consumer price inflation in the country stands at 3%, and its central bank has indicated that it could cut rates as early as August. As Brazil and other emerging market countries start to ease monetary policy, we should see a positive tailwind for demand.

Notwithstanding this, over the medium-term, inflation will likely remain stubbornly high, as deglobalisation, underinvestment in the energy and commodity complex and the shift to green energy all drive prices higher. Although inflation won’t remain as elevated as it has been, it could settle at 3-4% in many economies over the next 5-10 years. This will have implications for both emerging and developed markets and emphasises the importance of having a measure of value in a portfolio, whether that be through exposure to financials, for example, or energy companies.

Portfolio Managers' Review continued

Question

Turmoil among developed market banks has dominated headlines this year. Does this impact your view of financials in emerging markets?

Answer

Chris:

The collapse of Silicon Valley Bank ('SVB') and Credit Suisse earlier this year ignited fears that there could be a spillover effect to emerging markets. We think that the risk of any contagion is low. The problems we saw at US banks were down to overly concentrated deposits and a mismatch between assets and liabilities, and we see a much more stable backdrop in emerging markets, where banks by and large are better capitalised and more tightly regulated. Because we focus on high quality, deposit-taking franchises, with well diversified deposit bases and closely matched assets and liabilities, the banks we hold in the portfolio are not exposed to the sort of deposit-flight risk that we saw at SVB.

Where the banking crisis has had an impact is on our outlook for interest rate rises, which is much more muted than it was before (and indeed, many emerging market central banks should start cutting rates this year, as Nick spoke about earlier). That means the boost banks have had from rising net interest margins has largely played out and we are limiting the portfolio's exposure to the more rate-sensitive banks, focusing on those that benefit from structural drivers.

These structural stories include Indian banks, which operate in an environment where the ratio of credit to GDP could grow to three times the level it is today, boosting demand for credit cards, savings accounts, and insurance products. We also see strong structural drivers in the Greek banking market, where a decade of very low loan growth has resulted in excellent asset quality and the prevalence of many high-quality, deposit-taking banks that we expect should start returning cash to shareholders.

Question

China's reopening from Covid lockdowns has had a significant impact on emerging market performance this year. How do you feel about China and the economic recovery?

Answer

Nick:

We have seen the initial exuberance of the China reopening trade unwind as the market realises that the recovery in China will not follow the same rapid trajectory as it did across developed markets. The recovery in China this year has certainly been weaker than I expected. The country had an incredibly strict

and prolonged lockdown experience, during which households saved an additional \$1.5-2 trillion of their income. Given savings rates were already high, there was every expectation there would be a strong consumption recovery.

Why has this disappointed? This is firstly due to weakness in the property sector. There's no doubt that property won't be the strong driver of GDP growth that it has been in the past. Because Chinese consumers typically invest much of their wealth in property, weakness in the market has a knock-on effect on consumer confidence. The second factor is government regulation and particularly that towards the internet sector. Although this has eased, the regulatory crackdown over the past few years has dampened spirits. Internet companies were big employers of graduates, and the regulatory intervention has contributed to elevated levels of youth unemployment.

This all means a tougher backdrop for consumption. I do believe that over the medium-term consumption will recover, given the excess savings among households. Savings rates in China are the highest of any major economy and have been consistently elevated over the past decade. We will likely see government stimulus, which is already happening at the local level. It is probable that the recovery will be k-shaped, however, given that these excess savings are not evenly distributed throughout the country.

Where I see more encouraging signals is the increasingly shareholder-friendly approach of companies in China, where there are many businesses returning capital and buying back shares. The days of investing in China solely for growth are likely over, and the acid test now is really whether companies are buying back shares or paying out dividends. Internet platforms NetEase, Alibaba Group Holding and Tencent are all good examples of companies that have progressive buyback policies, but which are trading on very attractive valuations given weak sentiment towards the Chinese market.

Question

Emerging markets are a diverse region. Looking beyond China, where do you currently see the best opportunities?

Answer

Chris:

One of the areas I am most excited about is the 'transition metals' that will power the low carbon economy. Clean energy technologies are commodity intensive, with, for example, electric vehicles requiring six times the amount of minerals that a conventional car does. Looking specifically at copper, the anticipated uptick in demand is combined with a significant shortfall in supply, due to a decade of underinvestment in the commodity complex and limited projects in the pipeline. With the market only set to get tighter, we have a positive outlook over the medium term for copper miners and companies producing other transition metals. We hold copper producers based in Mexico and Peru, and own several other copper, zinc, lead, cobalt, and tin miners with assets across Latin America, eastern Europe, and Africa.

Another area of opportunity is demographics. India is one example of a market benefiting from several long-term drivers, with the economy offering considerable scope for growth given its low level of GDP per capita and expanding working-age population. We expect growing consumption and demand for everything from consumer goods to financial products and IT services. The portfolio's exposure to the Indian market is predominantly via financials, where we see several opportunities to take advantage of the growing penetration of consumer finance in the country.

One other interesting driver for some emerging economies is that of deglobalisation and nearshoring. This will predominantly benefit Mexico, where we anticipate considerable growth as the US looks to shift its supply chains away from China and closer to its own borders. I visited Mexico earlier in the year and saw first-hand the positive impetus that nearshoring is set to have on the country. Our meetings during the trip indicated that this is set to be a real tailwind as companies build factories and support employment growth in the region. Currently Mexico exports just under US\$400 billion a year to the US and some estimates suggest that nearshoring could add an incremental USD\$100-150 billion to this.

Question

Emerging markets have clearly had a difficult few years. Looking ahead, what is your outlook for emerging markets?

Answer

Nick:

July marks my 14-year anniversary managing a global emerging markets portfolio. That creates a good opportunity to reflect on market performance over the period. A look back to 2009 shows that emerging markets have been broadly flat over the last 14 years. The index is as cheap as it has ever been and is trading at multi-decade lows relative to developed markets.

So, emerging markets are clearly deeply out of favour. The relative performance of emerging markets used to follow the commodity cycle, but the relationship has decoupled of late. Weakness in China and concerns around geopolitics explain part of this, but I do think the extent of the discount is at odds with the improving fundamental picture – not least because inflation has seemingly peaked, interest rates are set to start coming down, and we are seeing more and more companies in emerging markets return capital to shareholders.

So yes, when I look ahead, I am broadly optimistic. Emerging markets are by their very nature volatile, which is not surprising given they are the factory of the world. But I do think that over the next decade we should see decent returns, particularly relative to regions such as the US, which will struggle with elevated levels of government debt and an ageing population. Given that emerging market equities have underperformed over more than a decade now, valuations are very attractive and appear out of sync with what I think is an increasingly positive fundamental backdrop for many companies.

Question

The portfolio has an extensive investment toolkit and can use derivatives as outlined in the investment policy. How have you looked to take advantage of this enhanced toolkit over the past year?

Answer

Chris:

One of the tools we have at our disposal is the ability to take out short positions. This allows us to profit not only from the winning businesses in each industry, but also from the losers. One of the ways we do this is by looking for companies that have a deteriorating fundamental outlook, or red flags such as a broken balance sheet, bad corporate governance, poor relations with regulators, or a shareholder that is acting to the detriment of minority investors.

A good example of this is Americanas, a Brazilian retailer that was struggling to compete with peers and was losing market share. Because of this, it resorted to fraud and hiding its debts off balance sheet. We spotted these red flags and took out a short position in Americanas. The company subsequently went bankrupt, and we closed the position at a profit earlier this year.

We also take out 'pair trades' in companies, where a long position in what we see as a winning business is matched with a short position in what we deem to be the loser in the industry. An example is the portfolio's positioning in the South African food retail space, where elevated inflation has created a very competitive operating environment. We have a long position in a company called Shoprite, which has consistently gained market share over the years due to its strong value proposition and cost control. We have matched this with a short position in a competitor of Shoprite that is struggling to keep up and is losing market share.

Another example of a pair trade is the portfolio's exposure to the Chinese real estate market, where state-owned enterprises have rapidly gained market share since 2017 and are benefiting as many private developers go bankrupt. We have a long position in state-owned company China Resources Land, which is matched with several short positions in indebted private developers.

An important aspect of the toolkit I would also highlight is the ability we have to increase the portfolio's gross exposure to the companies we have the most conviction in. This is a nice feature of the investment company, with its closed-end nature allowing us to take out leveraged long positions, making the money we invest work even harder for shareholders. And finally, we also use options overwriting in the portfolio, both to generate additional income and to control risk.

Portfolio Managers' Review continued

Question

Another aspect of the company's broad toolkit is the ability to invest in smaller companies. Can you outline some of the most exciting opportunities you are seeing in this space?

Answer

Chris:

As I said earlier, one of the key benefits of the investment company structure is its closed-ended nature. This means we can take a longer investment horizon and move further down the market cap spectrum. These might be into smaller companies that are less well known by investors and are often poorly covered by the sell side. We're currently seeing lots of exciting opportunities among mid-cap companies and there is a concerted effort within the team to look for the smaller names that can really differentiate the investment company. Recently, a lot of the negative sentiment we've seen around emerging markets has led to some of these smaller businesses being overlooked, which has thrown up some exciting opportunities from a valuation perspective.

There are a couple of examples of this in the Mexican market, and we added several names to the portfolio following our trip to the country earlier this year. One of these is Gentera, a lender to female entrepreneur clubs. We have seen the company continue to penetrate what is an uncontested market, with an estimated 34 million women working in the informal sector in Mexico and Peru. It is trading on very low multiples, and we see scope for considerable upside, given that non-performing loan formation is under control and should allow for sustained loan growth. Railroad operator Grupo Mexico Transportes is another example of a mid-cap company that is trading on depressed multiples, but which should benefit enormously from the trend of nearshoring, with political change in Mexico also a catalyst for a potential rerating of its share price.

Question

Finally, how does Fidelity actively and efficiently manage the portfolio, given the extensive universe of companies to choose from in emerging markets?

Answer

Chris:

Fidelity's extensive emerging market research team is one of the key mechanisms that lets us effectively manage the portfolio. We are incredibly lucky to have more than 50 analysts across the globe looking only at emerging market companies, which means we can develop a deep, unrivalled view of their dynamics, and explore the opportunities in the small and mid-cap space that I

mentioned earlier. There is excellent collaboration between all our analysts across regions and sectors, with those focused on global sectors like oil and gas, metals and mining, and technology helping us piece together what is going on in emerging markets with developments in the US, Japan, and Europe.

I joined Fidelity 12 years ago as a research analyst, working across the metals and mining sector and then on shorting opportunities, so I know first-hand how effective this research resource is. Our research team really allows us to have 'boots on the ground' across emerging markets. For example, this year I have travelled to several countries, including Mexico and Poland and spent time meeting with companies, their competitors, and their suppliers, seeing the assets and operations of companies first hand. There's really no substitute for this sort of on the ground presence, and Fidelity research analysts carry out around 16,000 company meetings a year, which really emphasises how wide our research coverage is.

The way our global emerging markets investment team is structured also allows us to effectively cover different regions. The broader team manages three regional portfolios, each encompassing Latin America, emerging EMEA, and emerging Asia, which all feed ideas into our global emerging markets portfolio, and within this the investment company. This structure is an acknowledgement of the fact that the emerging market universe is vast and means we can apply multiple layers of due diligence to the stocks we invest in. It also allows information to be transmitted quickly as the regional specialists communicate their conclusions to us, enabling both of us to come to informed conclusions about the events occurring across what is clearly a vast and diverse investment universe.

Nick Price

Chris Tennant

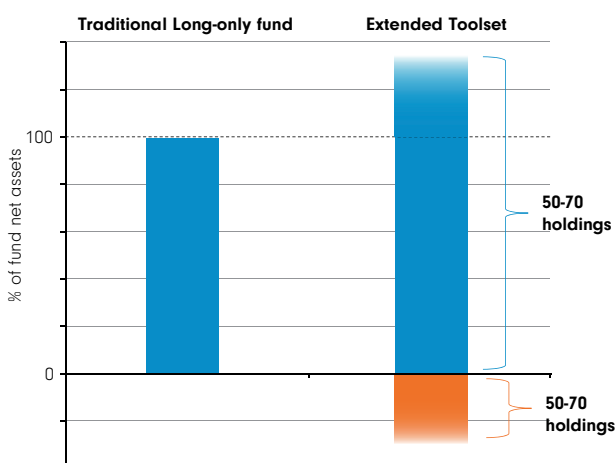
Portfolio Managers

12 October 2023

Extended Investment Toolkit

Fidelity Emerging Markets Limited is an all-cap Global Emerging Markets strategy with enhanced investment powers which seeks to exploit a broad range of opportunities. The portfolio managers adopt an active 'extension' investment style, benefitting from an extended toolset versus a traditional long-only equity fund:

- **Equities:** Predominantly invested in equity securities that offer a significant degree of absolute upside to each stock's specific target price. The portfolio managers will seek opportunities across the market cap spectrum, geographies, and consider listed companies, IPOs and unlisted investments.
- **Short extensions:** Offering the ability to access positive returns from securities perceived to be exposed to material absolute share price declines via the use of short equity derivative positions.
- **Long extensions:** Providing the ability to deploy additional long equity exposure through the use of equity derivative instruments to further enhance performance from the stocks with the greatest upside potential, and also to offset the reduction in equity exposure introduced by the fund's short positions.
- **Other instruments:** Access other instruments to take best advantage of perceived sources of return and to control risk. These instruments include equity option positions to both capture option premium as well as to control active risks in the portfolio.



How this fits with our investment philosophy

We believe that many emerging market companies can sustain high levels of economic growth for years to come, driven by attractive demographic profiles, immature markets, an abundance of untapped natural resources, and generally low levels of indebtedness. However, whilst these positive attributes provide a fertile environment for companies to grow their earnings, it is critical to ensure that each company we invest in can generate superior and sustainable returns on assets that permit them to fund the growth of their business, withstand competitive pressures and achieve attractive returns for minority shareholders.

With this in mind, we define high quality companies as those that exhibit:

- **Quality** – high quality, well capitalised companies capable of achieving superior returns on assets, and where strong free cash flow generation can be used to either self-fund future growth or pay dividends to shareholders.
- **Consistency of returns** – dominant companies that can maintain superior levels of growth and profitability resulting from a sustainable competitive advantage, such as market share, technology, or cost leadership; companies which exhibit a solid track record of delivering attractive total shareholder returns over time.
- **Reasonable price** – attractive valuations that understate the intrinsic value of a company. Target prices are determined for every stock considered for the portfolio, reflecting each company's sustainable level of earnings power across the economic cycle and an appropriate valuation multiple.

Conversely, it is those weaker peers who are unable to compete with the strongest franchises that are likely to fall by the wayside. Using short positions, these weaker businesses form some of the additional investment opportunities that we can take advantage of, as an additional source of performance.

ESG in the Investment Process

Fidelity International (“Fidelity”) has embedded Environmental, Social and Governance (“ESG”) factors in its investment decision making for a number of years. Fidelity has been a signatory to the United Nations Principles for Responsible Investment (UNPRI) since 2012 and submits an annual report detailing how it incorporates ESG into its investment analysis. As a founding signatory to the Net Zero Asset Managers Initiative, Fidelity has committed to halving the carbon footprint of its investment portfolios by 2030, from a 2020 baseline, starting with equity and corporate bond holdings; and to reach net zero for holdings by 2050.

ESG integration at Fidelity is carried out at the fundamental research analyst level within its investment teams, primarily through the implementation of the Fidelity Proprietary Sustainability Rating. This rating was established in 2019 and is designed to generate a forward-looking and holistic assessment of a company’s ESG risks and opportunities, based on sector specific key performance indicators across 127 individual and unique sub-sectors. A breakdown of the ratings of the companies in the portfolio using MSCI and Fidelity’s own proprietary ratings is on the next page. In addition, Fidelity’s portfolio managers are also active in analysing the effects of ESG factors when making investment decisions. ESG analysis complements financial analysis to provide a complete view of every company that is researched and monitored.

Fidelity’s approach to integrating ESG factors into its investment analysis includes the following activities:

- In-depth research
- Company engagement
- Active ownership
- Collaboration within the investment industry

In addition to Fidelity’s Sustainability Ratings, Fidelity has developed a proprietary Climate Rating, which is an important part of its plans to reach net zero emissions across its portfolios. It utilises its fundamental research capabilities to identify climate related risks, net zero investments and targets for transition engagement within the Fidelity investment universe. It assesses which companies are in the best position to transition to net zero, or have a positive trajectory towards transition. The Climate Rating is designed to complement the broader Sustainability Ratings, which score companies across a range of environmental, social and governance criteria.

Although Fidelity’s analysts have overall responsibility for analysing the environmental, social and governance performance of the companies in which it invests, it has a dedicated Sustainable Investing Team working closely with the investment teams and is responsible for consolidating Fidelity’s approach to stewardship, engagement, including thematic engagement, ESG integration and the exercise of its votes at general meetings.

The Sustainable Investing Team have a key role in assisting the investment teams with ESG integration which includes:

- Implementing Fidelity’s proxy voting guidelines.
- Engagement with investee companies on ESG issues, utilising Fidelity’s corporate access research capabilities and investment scale to improve corporate behaviour, including at company meetings.

- Working closely with the investment team globally across all asset classes in integrating ESG into analysis and decision-making.
- Providing internal ESG reporting including analyst reports, portfolio manager reviews and industry analysis.
- Co-ordinating and responding to specific client queries on ESG topics.
- Publishing client reporting on ESG integration and proxy voting.
- Maintaining a thorough understanding of current ESG themes and trends around the world.
- Attending external seminars and conferences focusing on trending ESG issues and ESG integration.
- Providing ESG training to the investment team and across the business.

During 2021, Fidelity introduced its sustainable investing voting principles and guidelines. These seek to provide a clear overview of Fidelity’s voting approach, promote improved corporate behaviours and reduce risk, include environmental and social factors, increase clarity of votes to issuers and clients and meet current market best practices and stewardship expectations. Examples of the policy include voting against companies not meeting key criteria on climate change and against management in developed markets with less than 30% female representation at board level.

Fidelity’s investment approach involves bottom-up research. As well as studying financial results, the portfolio managers and analysts carry out additional qualitative analysis of potential investments. They examine the business, customers and suppliers and often visit the companies in person to develop a view of every company in which Fidelity invests and ESG factors are embedded in this research process.

Examples of ESG factors that Fidelity’s investment teams may consider as part of its company and industry analysis include:

- Corporate governance (e.g. Board structure, executive remuneration)
- Shareholder rights (e.g. election of Directors, capital amendments)
- Changes to regulation (e.g. greenhouse gas emissions restrictions, governance codes)
- Physical threats (e.g. extreme weather, climate change, water shortages)
- Brand and reputational issues (e.g. poor health and safety record, cyber security breaches)
- Supply chain management (e.g. increase in fatalities, lost time injury rates, labour relations)
- Work practices (e.g. observation of health, safety and human rights provisions and compliance with the provisions of the Modern Slavery Act)

Fidelity operates analyst training and development programmes which include modules on ESG themes, topics and strategies and attendance at external seminars on the trending ESG issues in the market globally as well as conferences to explore new ways of integrating ESG into the investment process across all asset classes.

Fidelity uses a number of external research sources around the world that provide ESG-themed reports and it subscribes to an external ESG research provider and rating agency to supplement its organic analysis. Fidelity receives reports that include company specific and industry specific research as well as ad hoc thematic research looking at particular topics. The ESG ratings are industry specific and are calculated relative to industry peers and Fidelity uses these ratings in conjunction with its wider analysis. Fidelity’s sources of ESG research are reviewed on a regular basis.

The ESG ratings and associated company reports are included on Fidelity’s centralised research management system. This is an integrated desktop database, so that each analyst has a first-hand view of how each company under their coverage is rated according to ESG factors. In addition, ESG ratings are included in the analyst research notes which are published internally and form part of the investment decision. The external research vendor also provides controversy alerts which include information on companies within its coverage which have been identified to have been involved in a high-risk controversy that may have a material impact on the company’s business or its reputation.

Fidelity International - Setting standards for its business

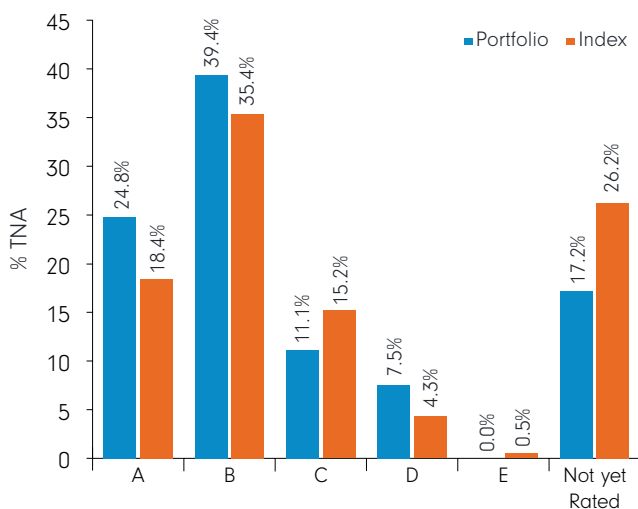
Sustainability built from the ground up

We apply the same KPIs to our own business that we use for the companies in which we invest. And we expect to improve upon our own ESG standards, just as we would expect from others.

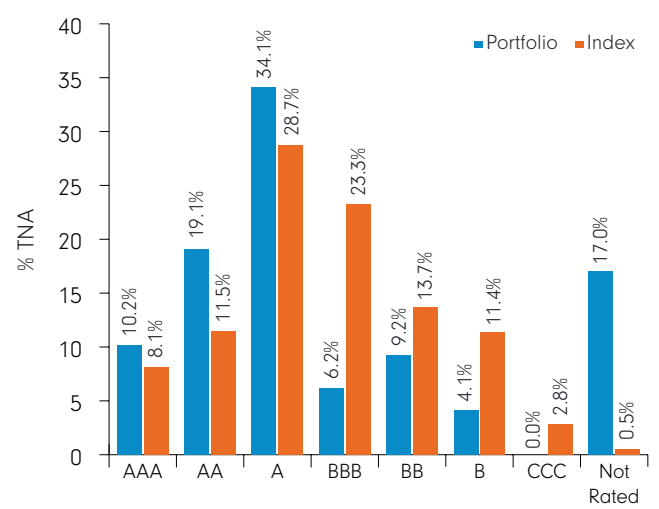


The charts below show a breakdown of the stocks in the Company’s portfolio using MSCI and Fidelity International’s own ESG ratings.

FIL proprietary ESG ratings



MSCI ESG ratings



Source: Fidelity International, MSCI ESG Research, Data is representative of the Fidelity Emerging Markets Limited as at 30 June 2023. LHS: The Fidelity Sustainability Ratings were launched in June 2019. As at 30 June 2023, they cover a universe of c. 4,200 issuers in equity and fixed income. Fidelity have a five scale rating of A (best) to E (worst). RHS: MSCI rates issuers on a AAA-CCC scale according to their exposure to industry specific ESG key issues and their ability to manage those issues relative to peers. The ESG ratings distribution is based on Net Asset Value of holdings excluding cash, liquidity funds and ETFs which are grouped under "Cash & Others". The charts above show long book rebased to 100%. Short positions are excluded. Due to small rounding errors, Portfolio and Index holdings may not total 100%.

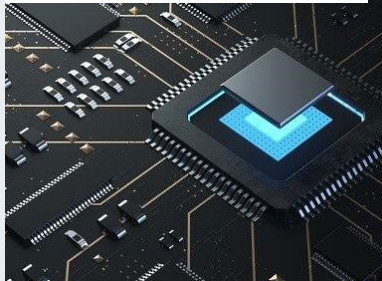
Fidelity International’s proprietary sustainability ratings system leverages its internal research and interactions with issuers. The ratings are designed to generate a forward-looking and holistic assessment of ESG risks and opportunities based on sector specific performance indicators. Analysts quantify the direction of change of companies’ ESG performance (positive, neutral or negative trajectory) and rate the companies using a scale of A to E.

Spotlight on Top 10 holdings

as at 30 June 2023

Based on Asset Exposure expressed as a percentage of Net Assets. Asset Exposure comprises the value of direct equity investments plus market exposure to derivative instruments.

Industry Information Technology



Taiwan Semiconductor Manufacturing ("TSMC")

% of Net Assets **10.4%**

TSMC is a pre-eminent Taiwanese semiconductor foundry with leading-edge technology, which reinforces the company's competitive position and ability to generate incremental return on invested capital. The company has built a technological moat over the past three decades and occupies an especially dominant position at the forefront of the industry as competitors have dropped from the race due to technical hurdles and the barrier of high required capital expenditures. TSMC's ability to hire the best talent while continuously improving its know-how keeps it ahead of the competition and able to generate cashflow to feed back into investing in R&D and capacity.

Industry Financials



HDFC Bank

% of Net Assets **6.3%**

HDFC Bank is one of India's leading private banks with a vast banking network spanning over 7,800 branches and 20,000 ATMs in more than 3,800 cities and towns, allowing the business to serve a broad customer base in rural and urban India. The bank has invested heavily in technology and operates in a highly automated environment, with all branches having online connectivity to enable the speedy transfer of funds between customers. Management have consistently delivered growth without compromising on asset quality, resulting in better outcomes versus peers. HDFC has an immense future growth opportunity due to the increase in retail credit penetration, branch expansion, market share gains and better cross selling to existing customers.

Industry Consumer Discretionary



Naspers

% of Net Assets **4.7%**

Naspers is a global internet and entertainment group and one of the world's largest technology investors. It is a South African holding company specialising in internet investments and operates in more than 120 countries and markets with long-term growth potential. It runs some of the world's leading internet, video entertainment, and media platforms. The company owns a sizeable stake in Tencent, the Chinese multinational technology and entertainment conglomerate. Naspers operates in various sectors, including online classifieds, food delivery, payments, travel, education, health, and social and internet platforms.

Industry Information Technology

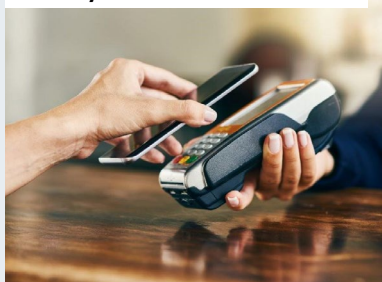


Samsung Electronics

% of Net Assets **4.4%**

Samsung Electronics is a technology powerhouse with products spanning upstream manufacturing to downstream consumer products. The company's device experience division produces product such as mobile handsets, tablets, business networks and medical and health equipment, while its device solutions segment captures its memory and foundry business. Innovations in artificial intelligence, 5G and 6G, automotive electronics and a wide range of robotics are also core to Samsung's strategy.

Industry Financials



Kaspi.KZ

% of Net Assets **4.2%**

Kaspi.KZ is the dominant consumer finance, e-commerce, and payments platform in Kazakhstan. It provides interconnected technology and products and services that help people to pay, shop, and manage their finances. Its ecosystem connects consumers and merchants, enabling digital payments, e-commerce, and financial services. The company's gateway to its ecosystem is the mobile app, which is powered by the company's proprietary technology and enables users to navigate between interconnected products and services. Kaspi serves customers in Kazakhstan and Azerbaijan.

Industry Financials




ICICI Bank

% of Net Assets **4.1%**

ICICI Bank is a leading private sector bank in India and offers a wide range of banking products and financial services to corporate, small and medium enterprises, as well as retail customers, through extensive multi-channel touch points including branches, state-of-the-art internet and mobile banking. ICICI Bank also has specialised subsidiaries in the areas of investment banking, life and non-life insurance, venture capital and asset management.

Industry Industrials



AIA Group

% of Net Assets **3.9%**

AIA is the largest life insurer in Asia, operating in 18 markets including mainland China, Thailand, and Malaysia. The company benefits from its leadership position, strong brand image and productive distribution agents in all the major Asia markets it operates in. It is a key beneficiary of the demographic shift in Asia, as low penetration, rising incomes and aging populations support demand for long-term savings and protection insurance products. AIA focuses on the mass affluent part of the market versus domestic players that are focused more on the mass market, with the Chinese market offering the most significant potential for growth and scale in the long term.

Industry Financials




Bank Central Asia

% of Net Assets **3.2%**

Bank Central Asia is Indonesia's largest private bank and focuses on the transaction banking business, providing credit facilities and financial solutions for the corporate, commercial, small to medium-sized enterprise and consumer segments. The bank has recently diversified by developing a suite of digital products and services for wealthier consumers in Asia. This includes vehicle financing, Sharia banking, securities, insurance products and venture capital.

Industry Consumer Staples



China Mengniu Dairy

% of Net Assets **3.1%**

China Mengniu Dairy is amongst the ten largest dairy players globally and the second largest player in the domestic market, offering diversified products such as liquid milk, ice cream, milk formula and cheese, and with a leading position in more innovative products such as high-end UHT and yoghurt. The rise of health awareness has stimulated dairy consumption and product upgrades among consumers, and following significant changes to the company's management team in 2016, the resulting restructuring of its organisation and distribution channel has rejuvenated its liquid milk business.

Industry Consumer Discretionary



Alibaba Group Holding

% of Net Assets **2.6%**

Alibaba enables businesses to transform the way they market, sell, and operate, and improve their efficiencies by providing technology infrastructure and marketing reach. An ecosystem has developed around its platforms and businesses that consists of consumers, merchants, brands, retailers, third-party service providers, strategic alliance partners and other businesses. This ecosystem has superior breadth and depth and is the foundation of highly sticky merchants and consumers, which ultimately supports the company's pricing power.

Forty Largest Holdings

as at 30 June 2023

The Asset Exposures shown below measure the exposure of the Company's portfolio to market price movements in the shares and equity linked notes owned or in the shares underlying the derivative instruments. The Fair Value is the value the portfolio could be sold for and is the value shown on the Statement of Financial Position. Where a contract for difference ("CFD") is held, the fair value reflects the profit or loss on the contract since it was opened and is based on how much the price of the underlying shares has moved (in effect, the unrealised gain or loss on the exposed positions). Where the Company only holds shares, the Fair Value and Asset Exposure will be the same.

	Asset Exposure		Fair value
	\$'000	% ¹	\$'000
Long Exposures – shares unless otherwise stated			
Taiwan Semiconductor Manufacturing (shares and long CFD)	83,179	10.4	64,621
Information Technology			
HDFC Bank	49,988	6.3	49,988
Financials			
Naspers	37,749	4.7	37,749
Consumer Discretionary			
Samsung Electronics (shares and long CFD)	34,976	4.4	6,972
Information Technology			
Kaspi.KZ	33,644	4.2	33,644
Financials			
ICICI Bank (shares and long CFD)	32,315	4.1	8,137
Financials			
AIA Group (option and long CFD)	31,031	3.9	1,396
Financials			
Bank Central Asia	25,385	3.2	25,385
Financials			
China Mengniu Dairy (long CFD)	24,830	3.1	(1,924)
Consumer Staples			
Alibaba Group Holding (option and long CFD)	20,779	2.6	(351)
Consumer Discretionary			
Localiza Rent a Car	19,631	2.5	19,631
Industrials			
Axis Bank	19,100	2.4	19,100
Financials			
Grupo Mexico (long CFD)	18,890	2.4	(387)
Materials			
SK Hynix (long CFD)	18,015	2.3	(1,405)
Information Technology			
Nu Holdings (long CFD)	17,030	2.1	632
Financials			
China Resources Land	16,870	2.1	16,870
Real Estate			
Li Ning (shares, option and long CFD)	16,289	2.0	278
Consumer Discretionary			
Piraeus Financial Holdings	16,163	2.0	16,163
Financials			
Chailease Holding	15,610	2.0	15,610
Financials			
Samsonite International	15,542	2.0	15,542
Consumer Discretionary			
MediaTek	15,331	1.9	15,331
Information Technology			

	Asset Exposure		Fair value
	\$'000	% ¹	\$'000
First Quantum Minerals (shares and long CFD) Materials	15,089	1.9	685
AIKhorayef Water & Power Technologies Utilities	14,985	1.9	14,985
Eicher Motors Consumer Discretionary	14,096	1.8	14,096
Armac Locacao Logistica E Servicos Industrials	13,629	1.7	13,629
OMV Energy	12,396	1.6	12,396
Endeavour Mining (shares and long CFD) Materials	11,537	1.4	5,169
HCL Technologies Information Technology	11,393	1.4	11,393
TBC Bank Group (long CFD) Financials	10,971	1.4	(22)
Africa Oil Energy	10,837	1.4	10,837
NetEase Communication Services	10,280	1.3	10,280
Alphamin Resources Materials	9,511	1.2	9,511
Zhongsheng Group Holdings (shares and long CFD) Consumer Discretionary	9,081	1.1	753
Lundin Gold Materials	8,684	1.1	8,684
Arcos Dorados Holdings Consumer Discretionary	8,634	1.1	8,634
MakeMyTrip (long CFD) Consumer Discretionary	8,548	1.1	(51)
Grupo Aeroportuario del Pacifico Industrials	8,270	1.0	8,270
Trip.com Group (long CFD) Consumer Discretionary	8,004	1.0	(270)
Delta Electronics Information Technology	7,909	1.0	7,909
FPT Information Technology	7,587	0.9	7,589
Forty largest long exposures	763,788	95.9	487,459
Other long exposures	341,225	42.8	285,248
Total long exposures before hedges	1,105,013	138.7	772,707
Less: hedging exposures			
MSCI Emerging Markets Index (future contract)	(130,176)	(16.3)	849
Total hedging exposures	(130,176)	(16.3)	849
Total long exposures after the netting of hedges	974,837	122.4	773,556

Forty Largest Holdings continued

	Asset Exposure		Fair value
	\$'000	% ¹	\$'000
Add: short exposures			
Short CFDs (67 holdings)	203,746	25.5	2,057
Short options (11 holdings)	6,406	0.8	(384)
Total short exposures	210,152	26.3	1,673
Gross Asset Exposure²	1,184,989	148.7	
Portfolio Fair Value³			775,229
Net current assets (excluding derivative assets and liabilities)			21,505
Total Equity Shareholders' Funds/Net Assets			796,734

1 Asset Exposure (as defined in the Glossary of Terms on page 84) expressed as a percentage of Net Assets.

2 Gross Asset Exposure comprises market exposure to investments of \$778,608,000 (per Note 10 on page 56) plus market exposure to derivative instruments of \$406,381,000 (per Note 11 on page 58).

3 Portfolio Fair Value comprises investments of \$778,608,000 plus derivative assets of \$9,468,000 less derivative liabilities of \$12,847,000 (per the Statement of Financial Position on page 46).

Distribution of the Portfolio

as at 30 June 2023

Sector	% of Net Assets % ¹	Benchmark %
Financials	40.3	21.9
Consumer Discretionary	31.8	13.2
Information Technology	29.3	21.2
Materials	20.6	8.1
Industrials	15.3	6.3
Consumer Staples	12.4	6.4
Real Estate	5.9	1.7
Energy	3.2	5.0
Utilities	2.8	2.6
Communication Services	2.2	9.8
Investment Funds	1.1	-
Health Care	0.1	3.8
Total excluding hedging	165.0	100.0
Hedging	(16.3)	-
Total including hedging	148.7	100.0

¹ Asset Exposure is expressed as a percentage of Net Assets.

Distribution of the Portfolio continued

Country	% of Net	
	Assets % ¹	Benchmark %
China	24.1	29.5
Taiwan	20.5	15.6
India	17.9	14.6
Brazil	14.5	5.5
South Africa	12.5	3.2
South Korea	8.4	12.3
Hong Kong	6.0	-
Mexico	5.7	2.8
United States of America	5.7	0.1
Canada	4.9	-
Indonesia	4.6	2.0
Kazakhstan	4.3	-
Saudi Arabia	3.0	4.3
Greece	2.9	0.5
Poland	2.7	0.8
Japan	2.3	-
United Kingdom	2.1	-
Vietnam	1.9	-
Zambia	1.9	-
Switzerland	1.8	-
Austria	1.6	-
Chile	1.5	0.5
Burkina Faso	1.4	-
Georgia	1.4	-
Nigeria	1.2	-
Kuwait	1.1	0.8
Thailand	0.9	1.9
Macau	0.9	-
Bosnia and Herzegovina	0.9	-
Philippines	0.8	0.6
Netherlands	0.8	-
Germany	0.7	-
Cayman Islands	0.6	-
United Arab Emirates	0.5	1.3
Panama	0.5	-
Luxembourg	0.5	-
Ireland	0.5	-
Portugal	0.5	-
Turkey	0.4	0.6
New Zealand	0.3	-
Finland	0.2	-
Cyprus	0.1	-
Others	-	3.1
Total excluding hedging	165.0	100.0
Hedging	(16.3)	-
Total including hedging	148.7	100.0

¹ Asset Exposure is expressed as a percentage of Net Assets.

Attribution Analysis

as at 30 June 2023

Ten Highest Contributors to NAV total return	%
Kaspi.KZ	+2.8
HDFC Bank	+1.3
Localiza Rent a Car	+1.1
Piraeus Financial Holdings	+0.9
Southern Copper	+0.8
Taiwan Semiconductor Manufacturing	+0.7
Banco Bradesco SA	+0.7
Meituan	+0.7
Cielo SA	+0.6
Naspers	+0.6

Ten Highest Detractors to NAV total return	%
Beijing Oriental Yuhong Waterproof Technology	-1.7
China Mengniu Dairy	-1.2
Zhongsheng Group Holdings	-1.1
Li Ning	-1.0
Daqo New Energy	-0.7
Itau Unibanco	-0.7
Jubilee Metals Group	-0.6
Kweichow Moutai	-0.6
Gaotu Techedu	-0.6
AIA Group	-0.5

Note: Derivative positions are included in the above investment positions.
 Source: Fidelity International.

Five Year Track Record

For the year ended 30 June	2023	2022	2021	2020	2019
Investment Performance					
Net Asset Value per Participating Preference Share total return, in sterling terms (%) ¹	-2.6	-27.9	+24.8	-0.8	+9.0
Share Price total return (%) ¹	-5.2	-30.0	+30.0	-3.3	+11.1
MSCI Emerging Markets Index total return (%)	-2.8	-14.9	+26.4	-0.1	+5.4
Assets					
Gross Asset Exposure (\$m)	1,185.0	1,120.1	1,679.9	1,205.3	1,290.6
Net Assets (\$m)	796.7	796.8	1,699.1	1,235.8	1,305.3
Gross Gearing (%) ¹	48.7	40.6	n/a	n/a	n/a
Net Gearing (%) ¹	(3.9)	(7.6)	n/a	n/a	n/a
Net Asset Value per Participating Preference Share (\$) ¹	8.75	8.75	13.99	10.17	10.75
Net Asset Value per Participating Preference Share (£) ¹	6.88	7.20	10.13	8.23	8.44
Share Price data at year end					
Share Price (£)	5.88	6.34	9.19	7.18	7.57
Discount (%) ¹	14.61	12.00	9.28	12.80	10.30
Earnings and Dividends paid					
Revenue Earnings per Participating Preference Share (\$) ²	0.22	0.15	0.17	0.15	0.19
Capital (Loss)/Earnings per Participating Preference Share (\$) ²	(0.06)	(5.11)	3.81	(0.53)	0.20
Total Earnings/(Loss) per Participating Preference Share (\$) ²	0.16	(4.96)	3.98	(0.38)	0.39
Dividend per Participating Preference Share	\$0.19	\$0.16	\$0.18	\$0.17	\$0.19
Ongoing Charges Ratio (%)¹	0.81	0.60	1.03	1.07	1.11

¹ Alternative Performance Measures. Please see pages 75 and 76 and the Glossary of Terms on pages 84 to 86 for further details.

² Calculated based on weighted average number of participating preference shares in issue during the year.

Sources: JPMorgan and Datastream

Past performance is not a guide to future returns.

Strategic Report

The Directors have pleasure in presenting the Strategic Report of the Company. The Chairman’s Statement and Portfolio Managers’ Review on pages 2 to 8 form part of the Strategic Report.

INVESTMENT STRATEGY AND POLICIES

Business and Status

The Company is a closed-ended investment scheme authorised by the Guernsey Financial Services Commission and is listed on the London Stock Exchange.

The Company was incorporated in Guernsey on 7 June 1989 and commenced business on 19 September 1989.

Change of Manager and Investment Manager

In 2021, the Company changed its management arrangements and formally replaced the previous Manager, Genesis Investment Management LLP with the appointment of FIL Investment Services (UK) Limited on 4 October 2021.

The Manager has delegated the role of Investment Manager to FIL Investments International (‘Fidelity International’, the ‘Investment Manager’). Both the Manager and Investment Manager are part of the FIL Group of companies, collectively ‘Fidelity’.

Investment Objective and Policy

Following shareholder approval at the EGM of the Company held on 1 October 2021 the Company’s investment objective is to achieve long-term capital growth from an actively managed portfolio made up primarily of securities and financial instruments providing exposure to emerging market companies, both listed and unlisted.

Investment Policy

The Company seeks to meet its investment objective through investment in a diversified portfolio of equity or equity-linked securities and derivative instruments providing exposure to emerging market companies.

The Manager integrates sustainability analysis into its investment process and promotes environmental and social characteristics in respect of the companies in which it invests.

Investment minimum constraints

At least 80% of the Company’s total assets (measured at the time of investment) will be exposed to companies that have their head office in, are listed in or with assets, operations, income or revenues that are predominantly in or derived from emerging markets.

The Company is not subject to any geographical or sector limits, although the Manager will maintain a diversified portfolio of a minimum of 75 holdings (comprised of a mixture of long and short exposures) in companies listed in or operating across at least 15 countries.

Fidelity is not required to seek to ensure that the Company’s cash resources are fully invested at all times. Accordingly, there

may be times when the Company holds cash or money market instruments pending investment. The Company’s net market exposure will not fall below 90% of the Company’s net assets save to the extent that the Manager is required to realise cash to fund a tender offer or other return of capital.

Permitted instruments

The Company may invest through equities, index linked securities, contracts for difference (“CFD”), equity linked and other debt securities, cash deposits, money market instruments, equity related securities, foreign currency exchange forward transactions and other interests including derivative instruments. The Company may invest directly in China A and B Shares and invest in Non-Voting Depository Receipts, American Depository Receipts, Global Depository Receipts and Equity Linked Notes. References to “companies” in this investment policy may include operating businesses that are not in corporate form.

Forward transactions and derivatives, including futures, options, swaps and contracts for difference, may be used to enhance portfolio performance as well as for efficient portfolio management and hedging.

The Company may invest in unlisted securities and in other investment funds, subject to the investment restrictions set out below.

Investment Restrictions

The Company will invest and manage its assets with an objective of spreading risk with the following investment restrictions:

- no single or aggregate interest in any one company shall represent more than 15% of total assets (measured at the time of investment);
- no more than 15% of total assets (measured at the time of investment) may be invested in unlisted securities;
- up to 15% of total assets (measured at the time of investment) may be invested in other listed or unlisted investment funds where such funds offer the only practicable means of gaining exposure to a particular emerging market, including other funds managed or advised by the Manager or its associates;
- up to 20% of total assets (measured at the time of investment) may be invested in securities and instruments which provide exposure to companies which do not have their head office in, are not listed in or whose assets or operations are not predominantly in emerging markets, provided that a material proportion of the income or revenues of each such company derives from emerging markets.

Although the Company has no present intention to make any such investments, for so long as required by the Listing Rules, no more than 10% of the Company’s total assets (measured at the time of investment) may be invested in other London-listed closed ended funds that do not have stated policies to invest no more than 15% of their total assets in other London-listed closed ended funds.

Strategic Report continued

Leverage and derivatives

The Company may be geared through (i) borrowing of up to 10% of its net asset value and/or (ii) by entering into derivative positions (both long and short) which have the effect of gearing the Company's portfolio, to enhance performance.

Derivatives usage will focus on, but will not be limited to the following investment strategies:

- as an alternative form of gearing to bank loans, for instance by the use of long CFDs;
- to enhance the investment returns by taking short positions in stocks or markets that the Manager considers to be over-valued or impaired;
- to enhance positions, manage position sizes and control risk through the use of options;
- to hedge equity market risks where suitable protection can be purchased to limit the downside of a falling market at a reasonable cost; and
- to gain or hedge currency exposure, both long and short, using foreign currency exchange forward transactions.

The Company is subject to the following limits in respect of its use of derivatives:

- Net Market Exposure will not exceed 120% of the net asset value of the Company.
- Gross Asset Exposure will not exceed 165% of the net asset value of the Company.
- In normal market circumstances, the Company expects that the Manager will maintain a Net Market Exposure in the range of 100% to 110%.

Exposure Definitions

- Long Exposure is the value of the Company's direct and indirect investments in long positions (including the economic value of the exposure to the reference asset of any derivative instrument).
- Short Exposure is the value of the Company's direct and indirect investments in short positions (including the economic value of the exposure to the reference asset of any derivative instrument), excluding Hedges.
- Hedges are short positions that demonstrate risk-reduction qualities by offsetting long positions held by the Company which have regional congruence and a correlation of at least 80% to the Long Exposure of the Company.
- Net Market Exposure is the net positive market exposure of the Company's portfolio, whether through direct or indirect investment, with short and hedge positions subtracted from long positions. It is calculated as (Long Exposure - Hedges) - Short Exposure.

- Gross Asset Exposure is the total market exposure of the Company's portfolio, whether through direct or indirect investment. It is calculated as: (Long Exposure + Short Exposure) - Hedges.

Benchmark Index

The Company's benchmark is the MSCI Emerging Markets (Total Return) Index.

Life of the Company

The Company has committed to hold a continuation vote in 2026 and every five years thereafter. The Company will propose the continuation vote at its annual general meeting in the relevant year and, if the continuation vote is not passed, will thereafter present proposals to shareholders in respect of the future of the Company.

Management

The Company has no employees or premises and the Board is comprised of non-executive Directors. During the year under review, the majority of day-to-day operations and functions of the Company were delegated to Fidelity, and to third party service providers who are subject to the oversight of the Board. There are therefore no disclosures to be made in respect of employees.

During the year under review Fidelity, provided investment and risk management services, JP Morgan Chase Bank was the Custodian and JP Morgan Administration Services (Guernsey) Limited was the Administrator and Company Secretary. With effect from 15 May 2023 the Company Secretary services are provided by FIL Investments International. The Board regularly reviews the performance and risks of its primary service providers and checks that they have appropriate frameworks in place for the oversight of their internal controls, monitoring and reporting.

PRINCIPAL AND EMERGING RISKS AND UNCERTAINTIES, RISK MANAGEMENT

In accordance with the AIC Code, the Board has a robust ongoing process for identifying, evaluating and managing the principal risks and uncertainties faced by the Company, including those that could threaten its business model, future performance, solvency or liquidity. The Board, with the assistance of the Alternative Investment Fund Manager (FIL Investment Services (UK) Limited/the "Manager"), has developed a risk matrix which, as part of the risk management and internal controls process, identifies the key existing and emerging risks and uncertainties that the Company faces. The Audit and Risk Committee continues to identify any new emerging risks and take any action necessary to mitigate their potential impact. The risks identified are placed on the Company's risk matrix and graded appropriately. This process, together with the policies and procedures for the mitigation of existing and emerging risks, is updated and reviewed regularly in the form of comprehensive reports considered by the Audit and Risk Committee. The Board determines the nature and extent of any risks it is willing to take in order to achieve its strategic objectives.

The Manager also has responsibility for risk management for the Company. It works with the Board to identify and manage the principal and emerging risks and uncertainties and to ensure that the Board can continue to meet its Corporate Governance obligations.

Key emerging issues that the Board has identified include; rising geopolitical tensions, including contagion of the Ukraine crisis or tensions between China and Taiwan into the wider region or an increase in tensions in the South China Sea; rising inflation and

the so-called cost of living crisis impacting demand for UK-listed shares; and climate change, which is one of the most critical emerging issues confronting asset managers and their investors. The Board notes that the Manager monitors these issues, and has integrated macro and ESG considerations, including climate change, into the Company's investment process. Further details are on pages 10 to 11. The Board will continue to monitor how this may impact the Company as a risk, the main risk being the impact on investment valuations.

The Board considers the following as the principal risks and uncertainties faced by the Company.

Principal Risks	Risk Description and Impact	Risk Mitigation	Trend
Volatility of Emerging Markets and Market Risks	<ul style="list-style-type: none"> The economies, currencies and financial markets of a number of developing countries in which the Company invests may be extremely volatile. Further risks on emerging markets from rising inflation, a resurgent pandemic and tightening financial conditions exacerbated by the war in Ukraine. Market volatility from worsening Chinese/ Taiwanese relations that could prompt the US to intervene. US imposed Executive Orders prohibiting US investments in certain Chinese companies and the passing of the Holding Foreign Companies Accountable Act (HFCAA). Rising geopolitical tensions, including contagion of the Ukraine crisis or tensions between China and Taiwan into the wider region. Regulatory measures impacting the IT sector and a lingering weakness in the real estate sector. 	<ul style="list-style-type: none"> The Company's investments are geographically diversified in order to manage risks from adverse price fluctuations. Russian securities already held at nil value. The exposure to any one company is unlikely to exceed 5% of the Company's net assets at the time the investment is made. Review of material economic or market changes and major market contingency plans for extreme events. China's integration into the global financial system and into global supply chains. Companies that were solely listed in the US are listing on the HK or mainland markets. 	Increasing
Investment Performance Risk	<ul style="list-style-type: none"> The Portfolio Manager fails to outperform the Benchmark Index over the longer-term. 	<ul style="list-style-type: none"> An investment strategy overseen by the Board to optimise returns. A well-resourced team of experienced analysts covering the market. Board scrutiny of the Manager and the ability in extreme circumstances to change the Manager. 	Increasing
Changing Investor Sentiment	<ul style="list-style-type: none"> As a Company investing in emerging markets, changes in investor sentiment may lead to the Company becoming unattractive to investors and reduced demand for its shares, causing the discount to widen. 	<ul style="list-style-type: none"> The Company has an active investor relations programme. The Board is updated regularly by the Investment Manager on developments in emerging markets and on the portfolio. The Chairman communicates regularly with major shareholders. The Company pays a regular dividend and considers regularly when and how to use share buybacks. 	Stable

Strategic Report continued

Principal Risks	Risk Description and Impact	Risk Mitigation	Trend
Cybercrime and Information Security Risks	<ul style="list-style-type: none"> Cybersecurity risk to the functioning of global markets and to national infrastructure, as a targeted attack or overspilling from the Russia/Ukraine war. Cybersecurity risk from Covid or successor pandemics affecting the functioning of businesses and global markets. External cybercrime threats such as spam attacks and DDoS (Distributed Denial of Service) attacks and reputational risk arising from accidental data leakage. 	<ul style="list-style-type: none"> The risk is monitored by the Board with the help of the extensive Fidelity global cybersecurity team and assurances from outsourced suppliers. Development of systems and procedures by the AIFM resulting from the experience of the Covid pandemic and cyber activity following the Russian invasion of Ukraine. 	Increasing
Discount to Net Asset Value ("NAV") Risk	<ul style="list-style-type: none"> The share price performance lags NAV performance. The Board fails to implement its discount management policy. Rising energy costs and cost of living crisis impact on retail demand for shares. 	<ul style="list-style-type: none"> The Board reviews the discount on a regular basis and has the authority to repurchase shares so shares can trade at a level close to the NAV. If the NAV for the five years ending 30 September 2026 does not exceed the Benchmark Index, the Company will make a tender offer of up to 25% of the shares in issue at that time. 	Stable
Lack of Market Liquidity Risk	<ul style="list-style-type: none"> Low trading volumes on stock exchanges of less developed markets. Lack of liquidity from temporary capital controls in certain markets. Exaggerated fluctuations in the value of investments from low levels of liquidity. 	<ul style="list-style-type: none"> Restrictions on concentration and diversification of the assets in the Company's portfolio to protect the overall value of the investments and lower risks of lack of liquidity. 	Stable
Business Continuity & Event Management Risks	<ul style="list-style-type: none"> The aftermath of the Covid pandemic continues to pose risks to the Company (albeit reducing in part), such as liquidity risks to markets, risks associated with the maintenance of the current dividend policy and business continuity risks for the Company's key service providers. The Russian/Ukraine conflict has increased the risk for working from home or in offices, specifically concerning the potential loss of network outages. 	<ul style="list-style-type: none"> Event and Crisis Management teams meet regularly to ensure readiness for a multitude of scenarios, including communication, power failure and the potential escalation of conflicts and actions taken by other nations including Russia, China and other emerging markets. Digital teams continue to maintain solutions to allow business continuity and operational. 	Stable
Gearing Risk	<ul style="list-style-type: none"> The Portfolio Manager fails to use gearing effectively, resulting in a failure to outperform in a rising market or to underperform in a falling market. 	<ul style="list-style-type: none"> The Board sets a limit on gearing and provides oversight of the Manager's use of gearing. 	Stable
Foreign Currency Exposure Risk	<ul style="list-style-type: none"> The functional currency in which the Company reports its results is US dollars, whilst the underlying investments are in different currencies. The value of assets is subject to fluctuations in currency rates and exchange control regulations. 	<ul style="list-style-type: none"> The Portfolio Manager does not hedge the underlying currencies of the holdings in the portfolio but will take currency risk into consideration when making investment decisions. 	Stable

Principal Risks	Risk Description and Impact	Risk Mitigation	Trend
Environmental, Social and Governance (ESG) Risk	<ul style="list-style-type: none"> The adoption of international standards may adversely impact the profitability of companies in the portfolio. The Manager fails to meet its regulatory requirements on ESG, including climate risk, in relation to the Company. Higher degree of valuation and performance uncertainties and liquidity risks. 	<ul style="list-style-type: none"> Fidelity has adopted a sophisticated and comprehensive system for analysing ESG risks, including climate risk, in investee companies. The Portfolio Manager is active in analysing the effects of ESG when making investment decisions. 	Stable
Key Person Risk	<ul style="list-style-type: none"> Loss of the Portfolio Manager or other key individuals could lead to potential performance and/or operational issues. 	<ul style="list-style-type: none"> Succession planning for key dependencies. Depth of the team within Fidelity. Experience of the analysts covering the Company's investments. 	Stable

Other risks facing the Company include:

Tax and Regulatory Risks

There is a risk of the Company not complying with the regulatory requirements of the Guernsey Financial Services Commission, UK listing rules, corporate governance requirements or local tax requirements that could result in loss of status as an Authorised Closed Ended Investment Scheme, becoming subject to additional tax charges or to exclusion from trading in particular markets.

The Board monitors tax and regulatory changes at each Board meeting and through active engagement with regulators and trade bodies by the Manager.

Operational Risks

The Company relies on a number of third-party service providers, principally the Manager, Registrar and Custodian. It is dependent on the effective operation of the Manager's control systems and those of its service providers with regard to the security of the Company's assets, dealing procedures, accounting records and the maintenance of regulatory and legal requirements. The Registrar and Custodian are all subject to a risk-based programme of internal audits by the Manager. In addition, service providers' own internal control reports are received by the Board on an annual basis and any concerns are investigated. Risks associated with these service providers is rated as low, but the financial consequences could be serious, including reputational damage to the Company.

Strategic Report continued

VIABILITY STATEMENT

In accordance with provision 35 of the 2019 AIC Code of Corporate Governance the Directors have assessed the prospects of the Company over a longer period than the twelve month period required by the "Going Concern" basis. The Company is an investment fund with the objective of achieving long-term capital growth from an actively managed portfolio made up primarily of securities and financial instruments providing exposure to emerging market companies, both listed and unlisted. The Board considers long-term to be at least five years, and accordingly, the Directors believe that five years is an appropriate investment horizon to assess the viability of the Company, although the life of the Company is not intended to be limited to this or any other period. In making an assessment on the viability of the Company, the Board has considered the following:

- The ongoing relevance of the investment objective in prevailing market conditions;
- The Company's NAV and share price performance;
- The principal and emerging risks and uncertainties facing the Company as set out above and their potential impact;
- The future demand for the Company's shares;
- The Company's share price discount to the NAV;
- The liquidity of the Company's portfolio;
- Consideration of the continuation vote in 2026;
- The level of income generated by the Company; and
- Future income and expenditure forecasts.

The Company has assumed for the purposes of the viability statement that the continuation vote in 2026 would be passed.

The Company's performance for the five year reporting period to 30 June 2023 lagged the Benchmark Index, with a NAV total return of -5.3%, a share price total return of -7.3% compared to the Benchmark Index total return of +10.1%.

The Board regularly reviews the investment policy and considers whether it remains appropriate. The Board has concluded that there is a reasonable expectation that the Company will be able to continue in operation and meet its liabilities as they fall due over the next five years based on the following considerations:

- The Investment Manager's compliance with the Company's investment objective and policy, its investment strategy and asset allocation;
- The fact that the portfolio comprises sufficient readily realisable securities which can be sold to meet funding requirements if necessary; and

- The ongoing processes for monitoring operating costs and income which are considered to be reasonable in comparison to the Company's total assets.

When considering the risk of under-performance, a series of stress tests were carried out including in particular the effects of any substantial future falls in investment value on the ability to maintain dividend payments and repay obligations as and when they arise.

In preparing the Financial Statements, the Directors have considered the impact of climate change, particularly in the context of the climate change risk identified within the ESG Risk on page 25. The Board has also considered the impact of regulatory changes and significant market events and how this may affect the Company. In addition, the Directors' assessment of the Company's ability to operate in the foreseeable future is included in the Going Concern Statement which is included in the Directors' Report on page 34.

Promoting the Success of the Company

Under Section 172(1) of the Companies Act 2006, the Directors of a company must act in a way they consider, in good faith, would be most likely to promote the success of the Company for the benefit of its members as a whole, and in doing so have regard (amongst other matters) to the likely consequences of any decision in the long-term; the need to foster relationships with the Company's suppliers, customers and others; the impact of the Company's operations on the community and the environment; the desirability of the Company maintaining a reputation for high standards of business conduct; and the need to act fairly as between members of the Company.

As an externally managed Investment Company, the Company has no employees or physical assets, and a number of the Company's functions are outsourced to third parties. The key outsourced function is the provision of investment management services by the Manager, but other professional service providers support the Company by providing administration, custodian, banking and audit services. The Board considers the Company's key stakeholders to be the existing and potential shareholders, the external appointed Manager and other third-party professional service providers. The Board considers that the interest of these stakeholders is aligned with the Company's objective of delivering long-term capital growth to investors, in line with the Company's stated objective and strategy, while providing the highest standards of legal, regulatory and commercial conduct.

The Board, with the Portfolio Manager, sets the overall investment strategy and reviews this regularly. In order to ensure good governance of the Company, the Board has set various limits on the investments in the portfolio, whether in the maximum size of individual holdings, the use of derivatives, the level of gearing and others. These limits and guidelines are regularly monitored and reviewed and are set out on pages 21 and 22.

The Board places great importance on communication with shareholders and is committed to listening to their views. The primary medium through which the Company communicates with shareholders is through its Annual and Half Year Financial Reports. Monthly factsheets are also produced. Company related announcements are released via the Regulatory News Service ('RNS') to the London Stock Exchange. All of the aforementioned information is available on the Company's website www.fidelity.co.uk/emergingmarkets. Shareholders may also communicate with Board members at any time by writing to the Company Secretary at FIL Investments International, Beech Gate, Millfield Lane, Tadworth, Surrey KT20 6RP or by email at investmenttrusts@fil.com. The Portfolio Managers meet with major shareholders, potential investors, stock market analysts, journalists and other commentators throughout the year. These communication opportunities help inform the Board in considering how best to promote the success of the Company over the long-term.

The Board seeks to engage with the Manager and other service providers and advisers in a constructive and collaborative way, promoting a culture of strong governance, while encouraging open and constructive debate, in order to ensure appropriate and regular challenge and evaluation. This aims to enhance service levels and strengthen relationships with service providers, with a view to ensuring shareholders' interests are best served, by maintaining the highest standards of commercial conduct while keeping cost levels competitive.

Whilst the Company's direct operations are limited, the Board recognises the importance of considering the impact of the Company's investment strategy on the wider community and environment. The Board believes that a proper consideration of ESG issues aligns with the Company's investment objective to deliver long-term growth in both capital and income, and the Board's review of the Manager includes an assessment of their ESG approach, which is set out on pages 10 to 11.

In addition to ensuring that the Company's investment objective was being pursued, key decisions and actions taken by the Directors during the reporting year, and up to the date of this report, have included:

- Marketing & PR – Establishing a corporate identity for the Company**
 The Board has worked closely with the Manager in tandem with various public relations and communications firms to establish a new corporate identity for the Company since moving to the new Manager, Fidelity.
- Audit Tender**
 In adherence to the Competition and Market Authority Order 2014, FTSE 350 companies are required to retender their audit at least every ten years or more frequently. On this basis the Board decided to review its external audit arrangements for the year ending 30 June 2024 noting the incumbent KPMG Channel Islands Limited has been the Company's auditor since 2018. The thorough audit tender process resulted in the Board's recommendation to re-appoint KPMG Channel Islands Limited as the Company's independent auditor for the year ending 30 June 2024 and subsequent years.
- Company Secretarial Service**
 The Board regularly discusses its service providers with the Manager and in a review during the year the Board took the decision to appoint FIL Investments International Ltd as Company Secretary with effect from 15 May 2023. J.P. Morgan Administration Services (Guernsey) Limited remains the Company's Administrator and registered office.

Board Diversity

The Board's overriding intention is to ensure that it is made up of the best combination of people in order to achieve long-term capital growth for the Company's shareholders from an actively managed portfolio of investments. To this effect, the Board, as part of its succession plan, will continue to appoint individuals who, together as a Board, will aim to ensure the continued optimal promotion of the Company in the marketplace.

The table below reports the gender diversity of the Board as at 30 June 2023.

Gender Reporting

	Number of Board Members	Percentage of the Board	Number of Senior Board Positions (Senior Independent Director and Committee Chair)
Men	3	60%	2
Women	2	40%	1

The Board's composition has met the target of 40% of women on FTSE 350 company boards ahead of the 2025 deadline as set by the FTSE Women Leaders Review. The Board also meets the FCA target that one of the senior Board positions is held by a woman. This senior position is held by Heather Manners as the Chairman of the Board and the Nomination Committee.

Strategic Report continued

The Board meets the recommendations of the Parker Review Committee that each FTSE 250 company should have at least one director from an ethnic minority background by 2024 so as to improve the ethnic and cultural diversity of UK company boards as can be seen from the table below. The Board also meets the FCA targets that at least one Director is from an ethnic minority background.

Ethnic Background Reporting

	Number of Board Members	Percentage of the Board	Number of Senior Board Positions (Senior Independent Director and Committee Chair)
White British or other White (including minority white groups)	4	80%	2
Asian/Asian British	1	20%	0

Environmental, Social and Governance ("ESG") in the Investment Process

The Board has contracted with the Manager to provide the Company with investment management services. The Board believes that ESG considerations are an important input into the assessment of the value of its investments. The investment universe is undergoing significant structural change and is likely to be impacted by increasing regulation as a result of climate change and other social and governance factors. The Board is committed to reviewing how the Manager applies ESG factors in the investment process. The Fidelity group of companies (including the Manager and Investment Manager) sets out its commitment to responsible investing and provides a copy of its detailed Responsible Investing at www.fidelity.co.uk/responsible-investing. Further information on Fidelity International's approach to ESG in the investment process and sustainable investing can be found on pages 10 to 11 and forms part of this Strategic Report.

Socially Responsible Investment

The Manager's primary objective is to produce superior financial returns for the Company's shareholders. It believes that high standards of corporate social responsibility (CSR) make good business sense and have the potential to protect and enhance investment returns.

Corporate Engagement

The Board believes that the Company should, where appropriate, take an active interest in the affairs of the companies in which it invests and that it should exercise its voting rights at their general meetings. It delegates the responsibility for corporate engagement and shareholder voting to the Investment Manager who updates the Board on any issues and activities. These activities are reviewed regularly by the Manager's corporate governance team.

Streamlined Energy and Carbon Reporting (SECR)

As an investment company with all its activities outsourced to third parties, the Company's own direct environmental impact is minimal. The Company has no premises, consumes no electricity, gas or diesel fuel and consequently does not have a measurable carbon footprint. The Company is categorised as a low energy user (less than 40MWH) under the Streamlined Energy & Carbon Reporting regulations and therefore is not required to disclose any energy and carbon information in this Annual Report.

Future Developments

Some trends likely to affect the Company in the future are common to many investment companies together with the impact of regulatory change and emerging risks. The factors likely to affect its future development, performance and position are set out in the Chairman's Statement and the Portfolio Manager's Review on pages 2 to 8.

By Order of the Board

FIL Investments International

Secretary

12 October 2023

Board of Directors



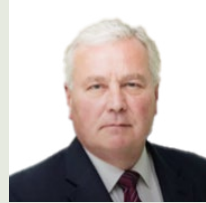
Heather Manners

Chairman of the Board and Nomination Committee

Appointed on 5 May 2022 appointed Chairman of the Board on 8 December 2022.

N

Heather Manners (British) is an award-winning market professional with some 34 years' experience of investment in Asia, mostly recently, and for the past 15 years as the co-founder, CEO and CIO of Prusik Investment Management. Heather is also a non-executive director of Montanaro Asset Management and Collidr Asset Management respectively and previously was a non-Executive Director of Aberdeen New Dawn. Heather began her career at Henderson Global Investors Limited where, latterly, she was Head of Asia and Emerging Markets. Ms Manners resides in the UK.



Julian Healy

Audit and Risk Committee Chairman

Appointed 12 December 2022

Appointed Chairman of Audit and Risk Committee 4 May 2023

A N

Julian Healy (British) has over 30 years of experience working for large financial institutions with a focus on emerging and frontier markets, including as a non-executive director at a number of companies and banks in Asia and Central and Eastern Europe. Previously, Mr Healy led the Early Transition Countries Private Equity team at the European Bank for Reconstruction and Development, prior to which he spent ten years at JP Morgan Fleming Investment Management and its predecessor, Fleming Investment Management.

Mr Healy is a chartered accountant and a graduate of Cambridge University with a BA in Modern Languages. Mr Healy resides in the UK.



Torsten Koster

Director, Member of the Audit and Risk Committee

Appointed 1 July 2020

A N

Torsten Koster (Swiss) has over 30 years' experience working for large multi-national companies. He spent two periods at Nestle SA (1991-1997 and 2003-2016). During his second term Torsten held the positions of Chief Financial Officer Nestle Russia & Eurasia between 2007-2011 and Chief Financial Officer Nestle Nespresso SA from 2011-2016. He also held the positions of Chief Financial Officer at Lukoil SA for three years from 1998-2000 and subsequently at Elca Informatique SA between 2000-2003. In 2016 Torsten founded his own consultancy business, Baussan Concept SA which specialized in providing due diligence and portfolio services to European and US based private equity firms.

Torsten has held a number of Board member roles while at SodaStream International from 2016-2018 (NASDAQ:SODA) with his current directorship as a board member at Banque Heritage SA (an unlisted entity). He holds a Masters degree from HEC Lausanne. Mr Koster resides in Switzerland.



Katherine Tsang

Director, Member of the Audit and Risk Committee

Appointed 19 July 2017

Appointed to the Audit and Risk Committee on 28 February 2023

A N

Katherine Tsang (Canadian) spent 22 years with Standard Chartered Bank, latterly in the role of Chairperson of Greater China, before retiring in 2014. Following her retirement, Ms Tsang founded Max Giant that trades in different markets as well as making direct investments in Asia. Currently, Ms Tsang is the Chief Executive Officer of HK Acquisition Corporation, she is also an Independent Non-Executive Director at China CITIC Bank International Limited, Fosun International Limited and Budweiser Brewing Company APAC Limited.

She also serves as a member of the Advisory Council for China of the City of London, and is an honorary Board member of Shanghai Jiao Tong University. Previous Directorship has included serving as an independent Non-Executive Director of Gap Inc., and Baoshan Iron & Steel Co. Limited, a member of the World Economic Forum's Global Agenda Council on China, and a member of Sotheby's Advisory Board. Ms Tsang resides in Hong Kong.

Committee membership key

A Audit and Risk **N** Nomination **■** Committee Chair

Board of Directors continued



Dr Simon Colson

Director, Member of the Audit and Risk Committee

Appointed 1 July 2019

Appointed to the Audit and Risk Committee on 28 February 2023



Dr Simon Colson (British) has over 30 years' experience in financial markets, working in investment banking, investment management and financial consulting. From 1995-2001 he was Managing Director, Deutsche Bank AG London, in charge of closed-end fund origination and distribution, and in previous roles was responsible for the launch, restructuring and repurposing of a significant number of investment companies. From 2002-2005 he was a non-executive director of The Association of Investment Companies. In 2002 he founded his own FCA regulated consulting and distribution business which raised assets for emerging managers across a range of traditional and alternative asset classes (including closed-end funds). In 2017 he relinquished his FCA license to concentrate on unregulated advisory and non-executive work.

He is a qualified Medical Doctor and holds an MBA in Finance & Investment from Bayes Business School (University of London). Dr Colson resides in the UK.

Committee membership key

Audit and Risk Nomination Committee Chair

Directors' Report

The Directors present their thirty-fourth Annual Financial Report of the Company, covering the year ended 30 June 2023.

FINANCIAL PERFORMANCE

The results and reserve movements for the year are set out in the Statement of Comprehensive and Statement of Financial Position Income on pages 44 and 46 and the Notes to the Financial Statements on pages 48 to 74.

Results and Dividends

The profit for the year for the Company amounted to \$14,549,000, this compared to a loss of \$497,482,000 in the previous year.

Refer to the Portfolio Manager's Review on pages 4 to 8 for an explanation of the Company's performance.

Corporate Governance

The Corporate Governance Statement forms part of this report and can be found on pages 32 to 34.

The Directors propose a dividend of \$0.19 per Participating Preference Share in respect of the year ended 30 June 2023 (2022: \$0.16). If approved by shareholders at the AGM on 7 December 2023, the dividend will be payable on 15 December 2023 to shareholders on the register at close of business on 17 November 2023. The ex-dividend date is 16 November 2023.

Capital Values

At 30 June 2023, the value of Equity Shareholders' Funds was \$796,734,000 (2022: \$796,761,000) a decrease of \$27,000. The Net Asset Value per Participating Preference Share was \$8.75 (2022: \$8.75).

Key Performance Indicators

The Financial Highlights and Performance section pages inside the front cover show the Company's Key Performance Indicators including its performance and discount to its NAV over the last five years.

SHAREHOLDERS

Notifiable Interests in the Company's Voting Rights

During the financial year, the following shareholders declared a notifiable interest in the Company's voting rights:

Shareholders	Participating Preference Shares held	% Shares held in Issue	Date of notification
Allspring Global Investments Holdings, LLC	11,195,656	12.29	29 July 2022
City of London Investment Management	25,427,720	27.91	16 June 2023

The following updates to notifiable interests in the Company's voting rights have been declared post the financial year-end:

Shareholders	Participating Preference Shares held	% Shares held in Issue	Date of notification
None	-	-	-

As at 31 August 2023, the Board is also aware of the following significant holdings in the Company

Shareholder	Participating Preference Shares Held	% Shares in Issue
City of London Investment Management	25,232,179	27.70
Strathclyde PF	19,535,818	21.44
Allspring Global Investments	12,411,570	13.62
Lazard Asset Management	9,037,301	9.92

Note: All of the above % Shares in Issue are calculated based on the number of shares in issue as at 31 August 2023, being 91,100,066 Participating Preference Shares.

Corporate Governance Statement

This Corporate Governance Statement forms part of the Directors' Report. The Company is committed to maintaining high standards of corporate governance. Accordingly, the Board has put in place a framework for corporate governance which it believes is appropriate for an investment company.

The Board is accountable to shareholders for the governance of the Company's affairs. The Directors use this Report to detail the Company's corporate governance statement.

The Company is a member of the Association of Investment Companies ('AIC') and the Board has considered the Principles and Provisions of the 2019 AIC Code of Corporate Governance ('AIC Code'). The AIC Code addresses the Principles and Provisions set out in the 2018 UK Corporate Governance Code ('UK Code'), as well as setting out additional Provisions on issues that are of specific relevance to the Company. The Board considers that reporting against the Principles and Provisions of the AIC Code, which has been endorsed by the Financial Reporting Council and the Guernsey Financial Services Commission provides more relevant information to shareholders.

The Company is an Authorised Closed Ended Investment Scheme regulated by the Guernsey Financial Services Commission ('GFSC'). The GFSC requires compliance with the principles set out in the Finance Sector Code of Corporate Governance ('Guernsey Code'), or alternative codes accepted by the GFSC, in the context of the nature, scale and complexity of the business.

As a Guernsey incorporated company with a premium listing on the London Stock Exchange within the FTSE 250, the Company is required to comply with Listing Rule 9.8.7 (for overseas incorporated companies). This requires the Company to state how it has applied the main principles set out in the 2018 UK Corporate Governance Code (the 'UK Code') and whether it has complied with these provisions throughout the accounting period.

Statement of Compliance

The Board confirms that during the year under review, the Company has complied with the provisions of the AIC Code and therefore, insofar as they apply to the Company's business, with the provisions of the 2018 UK Code and Guernsey Code except as noted below.

- **The role of Chief Executive**
Since all Directors are non-executive and day-to-day management responsibilities were delegated to the Manager, Investment Manager, and other third party service providers, the Company does not have a Chief Executive.
- **Executive Directors' remuneration**
As the Board has no executive Directors, it is not required to comply with the principles of the UK Code in respect of executive Directors' remuneration and does not have a Remuneration Committee.
- **Nomination Committee**
All Directors are members of the Nomination Committee. Given the size of the Board, the Board believes that it is important that all Directors are involved in the evaluation and appointment of new Directors from an early stage.

- **Internal audit function**

As the Company has no employees and delegates its day-to-day operations to the Manager, Investment Manager, and other third party service providers, the Board has determined that there is no requirement for an internal audit function.

The Directors annually review whether a function equivalent to internal audit is needed and will continue to monitor the Company's systems of internal controls in order to provide assurance that they operate as intended.

- **Workforce policies and practices**

As the Company has no employees and delegates its day-to-day operations to the Manager, Investment Manager, and other third party service providers, it is not required to comply with this provision.

The Board is committed to the continuing compliance with the AIC Code.

REGULATORY DISCLOSURES

The Alternative Investment Fund Managers Directive ('AIFMD')

Fidelity International Investment Management is a limited liability partnership organised under the laws of England and Wales and qualifies as an EU alternative investment fund manager ('AIFM'). Article 22 of AIFMD requires certain qualitative and quantitative disclosures on remuneration to assist the understanding of the risk profile of the Company. Details of Fidelity International's Remuneration Policy during the year under review and amounts attributable to the Company are available on page 83.

UK Listing Authority Listing Rules ('LR') – compliance with rule 9.8.4

None of the disclosures required under LR 9.8.4 are applicable to the Company.

ANNUAL GENERAL MEETING

This year's AGM will be held on Thursday, 7 December 2023 at 8:30 a.m. at the registered office of the Company, Level 3, Mill Court La Charroterie, St Peter Port, Guernsey GY1 1EJ.

In addition to the ordinary business to be conducted at the meeting, the following special business will be proposed:

Resolutions 12-13: Authority to purchase own shares (special resolutions)

Resolution 12 is seeking to renew authority to purchase through the London Stock Exchange Participating Preference Shares representing 14.99% of the issued share capital of the Company. The decision as to whether the Company purchases any such shares will be at the discretion of the Board. Purchases of Participating Preference Shares will be made within the guidelines permitted by the UK Listing Authority. Any Participating Preference Shares which are repurchased may be held in treasury.

If held in treasury, these shares may subsequently be cancelled or sold for cash at above their net asset value at the time of sale.

Special Resolutions Resolution 12

The Directors are seeking to renew the authority to purchase shares in the market of up to 13,655,899 Participating Preference Shares (respectively equivalent to 14.99 per cent. of the shares of the issued number of Participating Preference Shares at the date

of this document or, if lower, such number as is equal to 14.99% of the issued number of Participating Preference Shares at the date of passing the resolution).

The maximum price which may be paid for a Participating Preference Share is an amount equal to 105% of the average of the middle market quotations for a Participating Preference Share taken from the London Stock Exchange Daily Official List for the five business days immediately preceding the day on which the Participating Preference Share is purchased.

The authority hereby conferred shall expire at the conclusion of the Annual General Meeting of the Company to be held in 2023 unless such authority is renewed prior to such time.

The Company may make a contract to purchase Participating Preference Shares under the authority hereby conferred prior to the expiry of such authority which will or may be executed wholly or partly after the expiration of such authority and may make a purchase of Participating Preference Shares pursuant to any such contract.

Resolution 13

Resolution 13 disapplies the pre-emption rights contained in the Articles so that the Board has authority to allot and issue (or sell from treasury) shares for cash on a non-pre-emptive basis in respect of 9,110,006 Participating Preference Shares (equivalent to 10 per cent. of the Participating Preference Shares in issue as at the latest practicable date prior to the date of publication of this document (excluding in each case shares held in treasury)). The disapplication expires on the date falling fifteen months after the date of passing of Resolution 13 or the conclusion of the next annual general meeting of the Company, whichever is the earlier and permits the Board to allot and issue shares (or sell shares from treasury) after expiry of the disapplication if it has agreed to do so beforehand. Shares issued (or sold from treasury) pursuant to the disapplication would not be issued at a price that is less than the prevailing net asset value per share of the relevant class.

The resolution to approve disapplication of pre-emption rights in respect of issues of shares for cash is set at 10 per cent. of the Participating Preference Shares in issue (excluding shares held in treasury). As the issue of such shares (or sale from treasury) by the Company on a non-pre-emptive basis is subject to the additional qualification that the relevant shares must be issued for a price at least equal to the prevailing net asset value for the relevant class of shares, the Board believes that the existing authority to issue new shares for cash equal to 10 per cent. of the Participating Preference Shares in issue (excluding shares held in treasury) is appropriate.

The Directors have no present intention to exercise the authority conferred by Resolution 13.

Recommendation

The Board considers that the passing of all resolutions being put to the Company's AGM would be in the best interest of the Company and its shareholders as a whole. It therefore recommends that shareholders vote in favour of resolutions 1 to 13, as set out in the Notice of Annual General Meeting.

THE BOARD

As at the date of this report, the Board, chaired by Heather Manners, consists of five non-executive Directors. Russell Edey, Director and Chairman of the Audit and Risk Committee retired from the Board on 4 May 2023 when Julian Healy assumed the role. The Directors

believe that, between them, they have good knowledge and wide experience of business in the emerging markets region, unlisted investments and their valuations, and of investment companies, and that the Board has an appropriate balance of skills, experience, independence and knowledge of the Company and length of service to discharge its duties and provide effective strategic leadership and proper governance of the Company.

Torsten Koster was appointed as Senior Independent Director following Mr Edey's retirement and fulfils the role as a sounding board for the Chairman, intermediary for the other Directors as necessary and acts as a channel of communication for shareholders in the event that contact through the Chairman is inappropriate. Biographical details of all Directors are on pages 29 and 30.

The Directors consider that since they do not have executive roles, it is not necessary to establish a separate Remuneration Committee. There is also no separate Management Engagement Committee as the Board, as a whole, regularly meets with the Manager, the Administrator and the Company Secretary to discuss their performance.

The Board regularly reviews both the performance of, and the contractual arrangements with FIL Investments International as Investment Manager. The Management Agreement sets out matters over which Fidelity International has authority and includes management of the Company's assets and the provision of administrative duties.

As noted on page 37, the Audit and Risk Committee reviews the performance of, and the contractual arrangements with the Administrator and the Custodian. The Board is satisfied that the continuing appointment of the Administrator and the Custodian is in the best interests of shareholders.

The Board meets at least three times during the year and between these meetings there is regular contact with FIL Investments International who provides the Board with appropriate and timely information. Attendance at those meetings is shown on page 34.

Board Responsibilities

The Board has overall responsibility for the Company's affairs and for promoting the long-term success of the Company. All matters which are not delegated to the Company's Investment Manager under the Management Agreement are reserved for the Board's decision. Matters reserved for the Board and considered at meetings include decisions on strategy, management, structure, capital, share issues, share repurchases, gearing, financial reporting, risk management, investment performance, share price discount, corporate governance, Board appointments, and the appointment of the Investment Manager and Company Secretary. The Board also considers shareholder issues including communication and investor relations. All Directors are independent of the Investment Manager and considered to be free from any relationship which could materially interfere with the exercise of their independent judgement. The Board follows a procedure of notification of other interests that may arise as part of considering any potential conflicts and is satisfied that none has arisen in the year under review. All Directors are able to allocate sufficient time to the Company to discharge their responsibilities fully and effectively. Each Director is entitled to take independent professional advice, at the Company's expense, in the furtherance of their duties.

Corporate Governance Statement continued

Directors' Insurance and Indemnification

Directors' and Officers' liability insurance cover is held by the Company to cover Directors against certain liabilities that may arise in the course of their duties.

Tenure Policy

Directors appointed to the Board are subject to election and subsequent annual re-election by shareholders at Annual General Meetings and normally serve a term of up to nine years from election.

Company Secretary

The Board undertook a review of service providers during the year and took the decision to appoint FIL Investments International Ltd as Company Secretary with effect from 15 May 2023. JP Morgan Administration Services (Guernsey) Limited remains the Company's Administrator and has been in office for the whole year under review.

Board Meetings

The Board considers that it meets sufficiently regularly to discharge its duties effectively and the table below gives the attendance record for the meetings held during the reporting year. The Portfolio Manager and key representatives of the Investment Manager are in attendance at these meetings.

OTHER MATTERS

Voting Policy

With effect from 4 October 2021, the Board has authorised Fidelity to exercise the Company's voting rights in respect of resolutions proposed by investee companies.

Details of Fidelity's voting policy can be found at www.fidelity.co.uk/responsible-investing.

Borrowing Facilities

The Articles of Incorporation permit the Company to borrow up to 10% of the value of its Net Assets. No borrowing facility was used in either 2022 or 2023.

Discount/Premium to Net Asset Value

The Board reviews the level of the discount or premium between the middle market price of the Company's Participating Preference Shares and their net asset value on a regular basis.

European Union

The Company is a Guernsey based authorised closed-ended investment company listed in the UK and traded on the London Stock Exchange.

The European Securities and Markets Authority ('ESMA') has approved the co-operation arrangements between the FCA and GFSC.

Going Concern

The Financial Statements of the Company have been prepared on a going concern basis.

The Directors have considered the Company's investment objective, risk management policies, liquidity risk, credit risk, capital management policies and procedures, the nature of its portfolio and its expenditure and cash flow projections.

The Directors, having considered the liquidity of the Company's portfolio of investments (being mainly securities which are readily realisable) stress testing performed and the projected income and expenditure, are satisfied that the Company is financially sound and has adequate resources to meet all of its liabilities and ongoing expenses and continue in operational existence for the foreseeable future. The Board has therefore concluded that the Company has adequate resources to continue to adopt the going concern basis for the period to 31 October 2024 which is at least twelve months from the date of approval of the Financial Statements. The prospects of the Company over a period longer than twelve months can be found in the Viability Statement on page 26.

Signed on behalf of the Board

Heather Manners

Chairman
12 October 2023

Board's Attendance Record for the Reporting Year

	Regular Board Meetings	Audit and Risk Committee Meetings	Nomination Committee Meetings
Heather Manners	4/4	2/2 ⁽¹⁾	1/1
Dr Simon Colson	4/4	1/1 ⁽²⁾	1/1
Russell Edey	4/4	3/3 ⁽³⁾	1/1
Julian Healy	2/2	2/2 ⁽⁴⁾	1/1
Torsten Koster	4/4	3/3	1/1
Katherine Tsang	4/4	1/1 ⁽²⁾	1/1

(1) Attended the Audit and Risk Committee by invitation only following appointment as Chairman on 8 December 2022

(2) Appointed to the Audit and Risk Committee on 28 February 2023

(3) Retired on 4 May 2023

(4) Appointed 12 December 2022

Directors' Remuneration Report

The Directors of the Company are non-executive and by way of remuneration are entitled to receive fees for their services which shall not exceed \$400,000, exclusive of relevant expenses, in aggregate per annum. This was approved by shareholders at the AGM on 8 November 2020 and can only be amended by shareholder approval at a general meeting.

Directors' Remuneration

The level of Directors' Fees is independently assessed and was reviewed in May 2023 by Stephenson & Co. The assessment concluded that Directors fees were behind the recommended average for Directors of Channel Island companies comparable to the Company. Therefore the annual fee structure with effect from 1 July 2023 is as follows: Chairman - £50,000 (2022: £45,000); Senior Independent Director - £38,000 (2022: £37,500); Chairman of the Audit and Risk Committee - £38,000 (2022: £37,500); and Director - £36,000 (2022: £30,000). Directors' remuneration is reviewed on an annual basis to ensure that it remains competitive and sufficient to attract and retain the quality of Directors needed to manage the Company successfully.

The Directors are also entitled to be paid all travelling, hotel and other expenses properly incurred by them in attending and returning from meetings of the Directors or any committee of the Directors or General Meetings of the Company or in connection with the business of the Company.

Directors' Service Contracts

No Director has a contract of service with the Company. Accordingly, the Directors are not entitled to any compensation in the event of termination of their appointment or loss of office, other than the payment of any outstanding fees. The Board does not consider it appropriate that Directors should be appointed for a specific term. All Directors are subject to re-election by shareholders annually and any AGM Resolution new Director appointed would be subject to election by shareholders at the next AGM following their appointment.

Directors' Emoluments for the Year

The fees paid to each Director for the years ended 30 June 2023 and 2022 are shown in the table below with any year-on-year differences being explained:

AGM Resolution

An ordinary resolution to approve this Remuneration Report will be put to shareholders at the forthcoming AGM.

Statement of voting at the last AGM

The following table sets out the votes received at the AGM of the shareholders of the Company, held on 8 December 2022 in respect of the approval of the Directors' Remuneration Report.

Votes cast for		Votes cast against		Total votes cast	Number of votes withheld
Number	%	Number	%		
58,207,623	99.79	124,541	0.21	58,332,164	780

For and on behalf of the Board

Heather Manners

Chairman

12 October 2023

	30 June 2023	30 June 2022
Heather Manners ⁽¹⁾	£38,438	£4,685
Julian Healy ⁽²⁾	£19,442	-
Russell Edey ⁽³⁾	£31,643	£37,500
Torsten Koster	£35,390	£35,000
Dr Simon Colson	£31,667	£30,000
Katherine Tsang	£31,667	£30,000
Hélène Ploix ⁽⁴⁾	£19,656	£45,000
Sujit Banerji ⁽⁵⁾	£13,212	£30,000
	£221,115	£212,185

(1) Appointed as a Director on 5 May 2022 and Chairman on 8 December 2022

(2) Appointed as a Director on 12 December 2022 and Audit and Risk Committee Chairman on 4 May 2023

(3) Retired as a Director and Audit and Risk Committee Chairman on 4 May 2023

(4) Retired as Chairman and Director on 8 December 2022

(5) Retired as a Director on 8 December 2022

No additional fees or expenses were paid to Directors in respect of the financial year ended 30 June 2023.

Directors' Interests

The following Directors had a beneficial interest (including family interests) in the share capital of the Company. The table shows the number of Participating Preference Shares held by each Director as at 30 June 2023 and 2022:

Director	30 June 2023	30 June 2022
Heather Manners	10,000	-
Torsten Koster	15,000	-
Dr Simon Colson	4,416	4,416
Russell Edey ⁽¹⁾	n/a	10,000
Julian Healy	-	n/a
Katherine Tsang	-	-
Hélène Ploix ⁽²⁾	n/a	15,000
Sujit Banerji ⁽³⁾	n/a	15,000

(1) Retired as a Director and Audit and Risk Committee Chairman on 4 May 2023

(2) Retired as Chairman and Director on 8 December 2022

(3) Retired as a Director on 8 December 2022

Statement of Directors' Responsibilities

The Directors are responsible for preparing the Annual Financial Report in accordance with applicable law and regulations.

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have elected to prepare the financial statements in accordance with International Financial Reporting Standards as adopted by the European Union to meet the requirements of applicable law and regulations.

Under company law the Directors must not approve the financial statements unless they are satisfied that taken as a whole, they give a true and fair view of the state of affairs of the Company and of its profit or loss for that period. In preparing these financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- assess the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

The Directors are responsible for keeping proper accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that its financial statements comply with the Companies (Guernsey) Law, 2008. They are responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Company and to prevent and detect fraud and other irregularities.

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website. Legislation in Guernsey governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions. The work carried out by the auditor does not include consideration of the maintenance and integrity of the website and, accordingly, the auditor accepts no responsibility for any changes that have occurred to the accounts when they are presented on the website.

The Directors who hold office at the date of approval of this Directors' Report confirm that so far as they are aware, there is no relevant audit information of which the Company's auditor is unaware, and that each Director has taken all the steps he/she ought to have taken as a Director to make himself or herself aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

Responsibility statement of the Directors in respect of the Annual Report

The Directors confirm that to the best of their knowledge:

- the financial statements, prepared in accordance with the applicable set of accounting standards, give a true and fair view of the assets, liabilities, financial position and profit or loss of the Company; and
- the Chairman's statement, Strategic Report and Portfolio Managers' Review includes a fair review of the development and performance of the business and the position of the Company, together with a description of the principal and emerging risks and uncertainties that the Company faces.

The Directors consider the Annual Report, taken as a whole, is fair, balanced and understandable and provides the information necessary for shareholders to assess the Company's performance, business model and strategy.

There were no instances where the Company is required to make disclosures in respect of Listing Rule 9.8.4 during the financial period under review.

For and on behalf of the Board

Heather Manners

Chairman

12 October 2023

Report of the Audit and Risk Committee

I am pleased to present the formal report of the Audit and Risk Committee (the "Committee") to shareholders. The primary responsibilities of the Committee are to ensure the integrity of the Company's financial reporting, the appropriateness of the risk management and internal controls processes and the effectiveness of the independent audit process and how this has been assessed for the year ended 30 June 2023.

The Board established an Audit and Risk Committee which consists of all Directors, with the exception of the Chairman, Heather Manners. The Audit and Risk Committee is chaired by Julian Healy.

The Audit and Risk Committee has formally delegated duties and responsibilities with written Terms of Reference, which are available on the Company's website.

Role and Responsibilities of the Audit Committee

The Committee's authority and duties are clearly defined in its terms of reference which are available on the Company's pages of the Manager's website at www.fidelity.co.uk/emergingmarkets. These duties include:

- To monitor the integrity of the financial statements of the Company, including its annual and half-yearly reports and any other formal announcement relating to its financial performance;
- To review the Company's accounting policies and any significant financial reporting judgements;

- To monitor and review the adequacy and effectiveness of the internal financial control and risk management systems on which the Company is reliant;
- To review and approve statements to be included in the Annual Financial Report concerning controls and risk management;
- To review the performance of, and the contractual arrangements with the Administrator and the Custodian;
- To report to the Board that they have carried out a robust assessment of the principal and emerging risks facing the Company;
- To provide advice to the Board on whether they consider the Annual Financial Report, taken as a whole, is fair, balanced and understandable;
- To make recommendations to the Board in relation to the appointment, re-appointment and removal of external auditors;
- To monitor the independence and objectivity of external auditors; and
- To review the audit fees, terms of engagement and provision of non-audit services by the external auditor.

The Audit and Risk Committee usually meets three times a year to review the Annual and Half Year Financial Reports, audit timetable and other risk management and governance matters. It may meet more often if deemed necessary, or if required by the Company's auditors.

Significant accounting matters

During the review of the Company's financial statements for the year ended 30 June 2023, the Audit and Risk Committee considered the following matters to be significant issues, both of which were satisfactorily addressed:

Issue considered	How the issue was addressed
<p>Valuation, existence and ownership of investments (including derivatives and unlisted investments)</p> <p>The valuation of investments (including derivatives and unlisted investments) is in accordance with Accounting Policy Note 2(b) on pages 49 and 50.</p>	<p>The Committee took comfort from the Custodian's reports that investment related activities are conducted in accordance with the Company's investment policy. The Committee received reports from the Manager and the Administrator which concluded that controls around the valuation, existence and ownership of investments operate effectively. The valuation of the Company's unlisted, suspended, and illiquid investments which are subject to fair value oversight by the Manager's Fair Value Committee ("FVC") were reviewed by the Committee. It receives reporting from the FVC and reviews the proposed valuation methodology to be adopted.</p> <p>Specifically, there are a number of current factors impacting the Company's Russian investments, such as markets being closed or with restrictions on trading in certain instruments or with certain counterparties due to the imposition of sanctions: at the period-end appropriate fair value adjustments to these Russian investments have been made as proposed by the FVC.</p>

Report of the Audit and Risk Committee continued

Auditor independence and assessment

The Audit and Risk Committee monitors the European and U.K. legislation regarding mandatory audit firm rotation and tendering to ensure compliance and an external tender was conducted during 2023.

As part of its review of the continuing appointment of the Auditor, the Audit and Risk Committee considered the independence of the Auditor along with the effectiveness of the audit. The Auditor was asked to attest that KPMG and the audit team members were independent of the Company. KPMG also confirmed that they had not been engaged in the provision of any non-audit services to the Company during the year. Audit effectiveness was assessed by means of the Auditors' direct engagement with the Board at Audit and Risk Committee meetings and also by reference to feedback from the Investment Manager and Administrator. The Audit and Risk Committee reviewed the Auditor's risk assessment and audit approach at the planning stage and were briefed on the fulfilment of that plan at the completion stage. The Board concluded, on the recommendation of the Audit and Risk Committee, that the Auditors continue to be independent of the Company.

The fees paid to KPMG in respect of audit services for the year ended 30 June 2023 were \$73,000 (2022: \$159,000). KPMG did not provide any non-audit services during the year (2022: None).

The audit fees charged through the Statement of Comprehensive Income for the year ended 30 June 2022 also includes an element related to the prior years.

Auditors Appointment and Tenure

In adherence to the Competition and Market Authority Order 2014, FTSE 350 companies are required to re-tender their audit at least every ten years or more frequently. On this basis the Board decided to review its external audit arrangements for the year ending 30 June 2024 noting the incumbent KPMG Channel Islands Limited has been the Company's auditor since 2018.

The Audit and Risk Committee undertook a tender process during the year for the audit of the financial year ending 30 June 2024. A sub Committee of the Audit and Risk Committee reviewed tender submissions from several firms, and, following detailed consideration, recommended to the Board that KPMG Channel Islands Limited be re-appointed as auditors on the basis of the breadth of experience demonstrated of the investment trust sector and the resources and strength of their audit team. The Board supported the recommendation which will be put to shareholders at the forthcoming Annual General Meeting.

Internal Controls

The Board is responsible for the Company's system of internal control and for reviewing its effectiveness.

As there is delegation of daily operational activity, described below, there is no requirement for a direct internal audit function. The internal control systems are designed to meet the Company's

particular needs and the risks to which it is exposed. Accordingly, the internal control systems are designed to manage rather than eliminate the risk of failure to achieve business objectives and by their nature can only provide reasonable and not absolute assurance against misstatement and loss.

The services provided to the Company by the Administrator, such as administration services, accounting services and company secretarial duties reflect the system of financial and operating controls operating at the Administrator. The control regime for other services, such as the Manager, Investment Manager, Custodian and Registrar, reflect the internal controls operated by these respective service providers.

The Administrator provides semi-annual and annual financial statements based on the requirements of the Company. The financial statements are based on data from the Administrator's accounting system including the trial balance, net asset valuation, purchase and sales report and other investment schedules. All statements are reconciled and reviewed by the Administrator using pre-defined checklists and reviewed by the Manager prior to distribution.

In order for the Directors to review their effectiveness for the Company's business, an annual review of all outsourced functions has taken place. Their performance was monitored against obligations specified in the relevant contracts and was found to be in order.

Service providers report annually on the design and effectiveness of internal controls operating over the functions provided. Reports are reviewed by the Audit and Risk Committee and any material findings are considered by the Board.

The Audit and Risk Committee has carried out its annual assessment of the internal controls of the Company's service providers for the year ended 30 June 2023 and considered the internal control procedures to be adequate based on the findings of their respective ISAE 3402 or SOC 1 reports.

For and on behalf of the Audit and Risk Committee

Julian Healy

Chairman of the Audit and Risk Committee
12 October 2023

Nomination Committee's Report

The Board has an established Nomination Committee which consists of all Directors, chaired by Heather Manners.

The Nomination Committee has formally delegated duties and responsibilities with written Terms of Reference, which are available on the Company's website www.fidelity.co.uk/emergingmarkets.

The responsibilities of the Nomination Committee are inter alia:

- To regularly review the structure, size and composition (including the length of service of the Board members, skills, knowledge, experience and diversity) of the Board and make recommendations to the Board with regard to any changes.
- To give full consideration to succession planning for Directors, taking into account the challenges and opportunities facing the Company, the skills and expertise needed on the Board in the future and the promotion of diversity of gender, social and ethnic backgrounds, cognitive and personal strengths.
- To be responsible for identifying and nominating, for the approval of the Board, candidates to fill Board vacancies as and when they arise and for overseeing the development of a diverse pipeline for succession.

Diversity

It is seen as a prerequisite that each member of the Board must have the skills, experience and character that will enable them to contribute to the effectiveness of the Board and the success of the Company. Subject to that overriding principle, diversity of experience and approach, including gender diversity, amongst Board members is of great value, and it is the Board's policy to give careful consideration to overall Board balance and diversity in making new appointments to the Board.

Composition and independence

As at 30 June 2023 the Board comprised of three male and two female Directors. All Directors are non-executive and independent of both the Company and the Investment Manager. Each Director is required to disclose any potential conflicts of interest at each Board meeting.

Tenure and Succession Planning

The policy on Board refreshment is to ensure continuity and stability with no more than one Board member retiring and one successor recruited in each calendar year. In line with the AIC Code guidelines for independent Directors, individuals will generally serve on the Board for no more than nine years, although the Chairman's term of office may be extended by a maximum of three additional years to a total of twelve years. In recruiting new Directors, the aim will always be to preserve or enhance the skill sets on the Board, taking account of the need to ensure age, gender and ethnic diversity.

A review of succession planning was undertaken by the Nomination Committee in November 2022 and 2023. It was noted Russell Edey intended to step down in the first half of 2023 and that his role as Audit and Risk Committee Chairman be assumed by Julian Healy. Mr Edey's role as Senior Independent Director will be taken on by Torsten Koster.

Board appointments and re-election

All members of the Nomination Committee consider new Board appointments. The Chairman, Fidelity or other appropriate persons provide new appointees to the Board with a preliminary briefing on the workings of the Company. When appointing a new Director, the Board takes care to ensure that the new Director enhances the balance of skills, diversity and experience appropriate to the requirements of the Company and that a new Director has enough time available to properly fulfil their duties. The Directors also have access, where necessary in the furtherance of their duties, to independent professional advice at the Company's expense. Directors are initially appointed until the following Annual General Meeting when, under the Company's Articles of Incorporation, it is required that they be elected by shareholders.

During the year the Board engaged external recruitment consultant, Stephenson & Co, which has no connection with the Company, to facilitate the search for a new independent non-executive Director to join the Board. As a result of this process, Julian Healy was appointed to the Board on 12 December 2022 as a non-executive Director and a member of the Audit and Risk Committee, and the Nomination Committee. Mr Healy was appointed Chairman of the Audit and Risk Committee in May 2023. Mr Healy will stand for election by shareholders at the forthcoming AGM on 7 December 2023.

All the Directors are retiring in accordance with the AIC Code and will offer themselves for election or re-election. As each Director has maintained their effectiveness and commitment to the Company, the Board endorses them and recommends their re-election to the shareholders.

Evaluation of the Board

The Board evaluates its performance on an annual basis and considers the balance of skills, experience, length of service and the promotion of diversity and inclusion as part of this process. In accordance with the AIC Code, consideration is given to the engagement of an external evaluator on a regular basis. An independent evaluation of the Board's performance was last conducted in June 2023 by Stephenson & Co. The next independent Board evaluation is due to be conducted in 2025. The findings of the internal evaluation, which took place in 2023 were considered by the Directors, and actions were taken where appropriate.

Heather Manners

Chairman of the Nomination Committee
12 October 2023

Independent Auditor's Report to the Members of Fidelity Emerging Markets Limited

Our opinion is unmodified

We have audited the financial statements of Fidelity Emerging Markets Limited (the "Company"), which comprise the statement of financial position as at 30 June 2023, the statements of comprehensive income, changes in equity and cash flows for the year then ended, and notes, comprising significant accounting policies and other explanatory information.

In our opinion, the accompanying financial statements:

- give a true and fair view of the financial position of the Company as at 30 June 2023, and of the Company's financial performance and cash flows for the year then ended;
- are prepared in accordance with International Financial Reporting Standards as adopted by the EU; and
- comply with the Companies (Guernsey) Law, 2008.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our

responsibilities are described below. We have fulfilled our ethical responsibilities under, and are independent of the Company in accordance with, UK ethical requirements including the FRC Ethical Standard as required by the Crown Dependencies' Audit Rules and Guidance. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

Key audit matters: our assessment of the risks of material misstatement

Key audit matters are those matters that, in our professional judgment, were of most significance in the audit of the financial statements and include the most significant assessed risks of material misstatement (whether or not due to fraud) identified by us, including those which had the greatest effect on: the overall audit strategy; the allocation of resources in the audit; and directing the efforts of the engagement team. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. In arriving at our audit opinion above, the key audit matter was as follows (unchanged from 2022):

Valuation of financial assets at fair value through profit or loss and derivative assets and liabilities	The risk	Our response
Financial assets at fair value through profit or loss: \$778,608,000; (2022: \$727,734,000)	<p>Basis: The Company's investments consist primarily of listed equity securities from emerging markets, equity linked notes and derivative instrument assets and liabilities ("Investments").</p>	<p>Our audit procedures included:</p> <p>Internal Controls: We evaluated the design and implementation of key controls over the valuation of quoted investments.</p>
Derivative assets: \$9,468,000; (2022: \$20,515,000)	<p>As at 30 June 2023, the Company had invested the equivalent of \$752,126,000 (2022: \$642,794,000) in listed equity securities and \$17,433,000 (2022: \$78,739,000) in equity linked notes, as well as \$9,468,000 (2022: \$20,515,000) in derivative assets and \$12,847,000 (2022: \$14,408,000) in derivative liabilities. These Investments, carried at fair value, are valued by the Company based on prices obtained from third party pricing providers.</p>	<p>Use of KPMG Valuation Specialists: We used our KPMG valuation specialist to independently price the listed equity securities, equity linked notes, derivative assets and derivative liabilities using third party pricing sources.</p>
Derivative liabilities: \$12,847,000; (2022: \$14,408,000)	<p>The Company holds seven securities with Russian exposure and one security with Ukrainian exposure, which continue to be impacted by a range of actions taken by governments, stock exchanges and counterparties, including sanction regimes, leading to significant valuation and liquidity issues. As at 30 June 2023, the Company's investments in these seven Russian securities are valued at \$Nil. These securities were valued at \$17,283,661 immediately prior to suspension on 28 February 2022 with a cost of \$99,959,944.</p>	<p>Other procedures With the assistance of our KPMG valuation specialists, we assessed the appropriateness of the valuation approach and methodology applied to the Russian and Ukrainian securities held by the Company. We also reviewed the disclosures within the financial statements around these securities.</p>
Refer to the report of the Audit Committee on pages 37 and 38, accounting policy note 2(b) and 2(r), and notes 10, 11 and 17.	<p>Risk: The valuation of the Company's Investments, given that it represents the majority of the Company's net assets, is considered to be the area which has the greatest effect on our overall audit strategy and allocation of resources in planning and completing our audit.</p>	<p>Assessing disclosures: We also considered the Company's valuation policies adopted in note 2(b) and the Company's disclosures (see note 2(r)) in relation to the use of estimates and judgements regarding the valuation of Investments and derivative instruments and in addition the fair value disclosures in note 17 for compliance with IFRS as adopted by the EU.</p>

Our application of materiality and an overview of the scope of our audit

Materiality for the financial statements as a whole was set at \$15.9m (2022: \$15.9m), determined with reference to a benchmark of net assets of \$796.7m, of which it represents approximately 2.0% (2022: 2.0%).

In line with our audit methodology, our procedures on individual account balances and disclosures were performed to a lower threshold, performance materiality, so as to reduce to an acceptable level the risk that individually immaterial misstatements in individual account balances add up to a material amount across the financial statements as a whole. Performance materiality for the Company was set at 75% (2022: 75%) of materiality for the financial statements as a whole, which equates to \$11.9m (2022: \$11.9m). We applied this percentage in our determination of performance materiality because we did not identify any factors indicating an elevated level of risk.

We reported to the Audit Committee any corrected or uncorrected identified misstatements exceeding \$795k (2022: \$795k), in addition to other identified misstatements that warranted reporting on qualitative grounds.

Our audit of the Company was undertaken to the materiality level specified above, which has informed our identification of significant risks of material misstatement and the associated audit procedures performed in those areas as detailed above.

Going concern

The directors have prepared the financial statements on the going concern basis as they do not intend to liquidate the Company or to cease its operations, and as they have concluded that the Company's financial position means that this is realistic. They have also concluded that there are no material uncertainties that could have cast significant doubt over its ability to continue as a going concern for at least a year from the date of approval of the financial statements (the "going concern period").

In our evaluation of the directors' conclusions, we considered the inherent risks to the Company's business model and analysed how those risks might affect the Company's financial resources or ability to continue operations over the going concern period. The risk that we considered most likely to affect the Company's financial resources or ability to continue operations over this period is availability of capital to meet operating costs and other financial commitments.

We considered whether this risk could plausibly affect the liquidity in the going concern period by comparing severe, but plausible downside scenarios that could arise from this risk individually and collectively against the level of available financial resources indicated by the Company's financial forecasts.

We considered whether the going concern disclosure in note 2(a) to the financial statements gives a full and accurate description of the directors' assessment of going concern.

Our conclusions based on this work:

- we consider that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate;
- we have not identified, and concur with the directors' assessment that there is not, a material uncertainty related to events or conditions that, individually or collectively, may cast significant doubt on the the Company's ability to continue as a going concern for the going concern period; and
- we have nothing material to add or draw attention to in relation to the directors' statement in the notes to the financial statements on the use of the going concern basis of accounting with no material uncertainties that may cast significant doubt over the Company's use of that basis for the going concern period, and that statement is materially consistent with the financial statements and our audit knowledge.

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the above conclusions are not a guarantee that the Company will continue in operation.

FRAUD AND BREACHES OF LAWS AND REGULATIONS – ABILITY TO DETECT

Identifying and responding to risks of material misstatement due to fraud

To identify risks of material misstatement due to fraud ("fraud risks") we assessed events or conditions that could indicate an incentive or pressure to commit fraud or provide an opportunity to commit fraud. Our risk assessment procedures included:

- enquiring of management as to the Company's policies and procedures to prevent and detect fraud as well as enquiring whether management have knowledge of any actual, suspected or alleged fraud;
- reading minutes of meetings of those charged with governance; and
- using analytical procedures to identify any unusual or unexpected relationships.

As required by auditing standards, we perform procedures to address the risk of management override of controls, in particular the risk that management may be in a position to make inappropriate accounting entries. On this audit we do not believe there is a fraud risk related to revenue recognition because the Company's revenue streams are simple in nature with respect to accounting policy choice, and are easily verifiable to external data sources or agreements with little or no requirement for estimation from management. We did not identify any additional fraud risks.

Independent Auditor's Report to the Members of Fidelity Emerging Markets Limited continued

We performed procedures including

- Identifying journal entries and other adjustments to test based on risk criteria and comparing any identified entries to supporting documentation; and
- incorporating an element of unpredictability in our audit procedures.

Identifying and responding to risks of material misstatement due to non-compliance with laws and regulations

We identified areas of laws and regulations that could reasonably be expected to have a material effect on the financial statements from our sector experience and through discussion with management (as required by auditing standards), and from inspection of the Company's regulatory and legal correspondence, if any, and discussed with management the policies and procedures regarding compliance with laws and regulations. As the Company is regulated, our assessment of risks involved gaining an understanding of the control environment including the entity's procedures for complying with regulatory requirements.

The Company is subject to laws and regulations that directly affect the financial statements including financial reporting legislation and taxation legislation and we assessed the extent of compliance with these laws and regulations as part of our procedures on the related financial statement items.

The Company is subject to other laws and regulations where the consequences of non-compliance could have a material effect on amounts or disclosures in the financial statements, for instance through the imposition of fines or litigation or impacts on the Company's ability to operate. We identified financial services regulation as being the area most likely to have such an effect, recognising the regulated nature of the Company's activities and its legal form. Auditing standards limit the required audit procedures to enquiry of management and inspection of regulatory and legal correspondence, if any. Therefore if a breach of operational regulations is not disclosed to us or evident from relevant correspondence, an audit will not detect that breach.

Context of the ability of the audit to detect fraud or breaches of law or regulation

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. For example, the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely the inherently limited procedures required by auditing standards would identify it.

In addition, as with any audit, there remains a higher risk of non-detection of fraud, as this may involve collusion, forgery,

intentional omissions, misrepresentations, or the override of internal controls. Our audit procedures are designed to detect material misstatement. We are not responsible for preventing non-compliance or fraud and cannot be expected to detect non-compliance with all laws and regulations.

Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report but does not include the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and we do not express an audit opinion or any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Disclosures of emerging and principal risks and longer term viability

We are required to perform procedures to identify whether there is a material inconsistency between the directors' disclosures in respect of emerging and principal risks and the viability statement, and the financial statements and our audit knowledge. We have nothing material to add or draw attention to in relation to:

- the directors' confirmation within the Viability Statement (page 26) that they have carried out a robust assessment of the emerging and principal risks facing the Company, including those that would threaten its business model, future performance, solvency or liquidity;
- the emerging and principal risks disclosures describing these risks and explaining how they are being managed or mitigated;
- the directors' explanation in the Viability Statement (page 26) as to how they have assessed the prospects of the Company, over what period they have done so and why they consider that period to be appropriate, and their statement as to whether they have a reasonable expectation that the Company will be able to continue in operation and meet its liabilities as they fall due over the period of their assessment, including any related disclosures drawing attention to any necessary qualifications or assumptions.

We are also required to review the Viability Statement, set out on page 26 under the Listing Rules. Based on the above procedures, we have concluded that the above disclosures are materially consistent with the financial statements and our audit knowledge.

Corporate governance disclosures

We are required to perform procedures to identify whether there is a material inconsistency between the directors’ corporate governance disclosures and the financial statements and our audit knowledge.

Based on those procedures, we have concluded that each of the following is materially consistent with the financial statements and our audit knowledge:

- the directors’ statement that they consider that the annual report and financial statements taken as a whole is fair, balanced and understandable, and provides the information necessary for shareholders to assess the Company’s position and performance, business model and strategy;
- the section of the annual report describing the work of the Audit Committee, including the significant issues that the audit committee considered in relation to the financial statements, and how these issues were addressed; and
- the section of the annual report that describes the review of the effectiveness of the Company’s risk management and internal control systems.

We are required to review the part of Corporate Governance Statement relating to the Company’s compliance with the provisions of the UK Corporate Governance Code specified by the Listing Rules for our review. We have nothing to report in this respect.

We have nothing to report on other matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies (Guernsey) Law, 2008 requires us to report to you if, in our opinion:

- the Company has not kept proper accounting records; or
- the financial statements are not in agreement with the accounting records; or
- we have not received all the information and explanations, which to the best of our knowledge and belief are necessary for the purpose of our audit.

RESPECTIVE RESPONSIBILITIES

Directors’ responsibilities

As explained more fully in their statement set out on page 36, the directors are responsible for: the preparation of the financial statements including being satisfied that they give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the Company’s ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and using the going concern basis of accounting unless they either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Auditor’s responsibilities

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue our opinion in an auditor’s report. Reasonable assurance is a high level of assurance, but does not guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

A fuller description of our responsibilities is provided on the FRC’s website at www.frc.org.uk/auditorsresponsibilities.

The purpose of this report and restrictions on its use by persons other than the Company’s members as a body

This report is made solely to the Company’s members, as a body, in accordance with section 262 of the Companies (Guernsey) Law, 2008. Our audit work has been undertaken so that we might state to the Company’s members those matters we are required to state to them in an auditor’s report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company’s members, as a body, for our audit work, for this report, or for the opinions we have formed.

Rachid Frihmat

For and on behalf of KPMG Channel Islands Limited
Chartered Accountants and Recognised Auditors, Guernsey
12 October 2023

Statement of Comprehensive Income

for the year ended 30 June 2023

	Note	Year ended 30 June 2023			Year ended 30 June 2022		
		Revenue \$'000	Capital \$'000	Total \$'000	Revenue \$'000	Capital \$'000	Total \$'000
Revenue							
Investment income	3	22,272	-	22,272	24,399	-	24,399
Derivative income	3	17,709	-	17,709	10,849	-	10,849
Other income	3	620	-	620	137	-	137
Total Income		40,601	-	40,601	35,385	-	35,385
Net gains/(losses) on financial assets at fair value through profit or loss ¹	10	-	36,553	36,553	-	(535,032)	(535,032)
Net (losses)/gains on derivative instruments	11	-	(37,809)	(37,809)	-	23,229	23,229
Net foreign exchange losses		-	(933)	(933)	-	(2,707)	(2,707)
Total income and gains/(losses)		40,601	(2,189)	38,412	35,385	(514,510)	(479,125)
Expenses							
Management fees	4	(923)	(3,690)	(4,613)	(927)	(3,709)	(4,636)
Other expenses ¹	5	(1,619)	-	(1,619)	(2,451)	(1,318)	(3,769)
Profit/(loss) before finance costs and taxation		38,059	(5,879)	32,180	32,007	(519,537)	(487,530)
Finance costs	6	(15,653)	-	(15,653)	(13,946)	-	(13,946)
Profit/(loss) before taxation		22,406	(5,879)	16,527	18,061	(519,537)	(501,476)
Taxation	7	(2,622)	644	(1,978)	(2,954)	6,948	3,994
Profit/(loss) after taxation for the year attributable to Participating Preference Shares		19,784	(5,235)	14,549	15,107	(512,589)	(497,482)
Earnings/(loss) per Participating Preference Share (basic and diluted)	8	\$0.22	\$(0.06)	\$0.16	\$0.15	\$(5.11)	\$(4.96)

¹ Transaction costs directly associated with purchases and sales of non-derivative securities changed presentation to be included under the 'Net gains/(losses) on financial assets at fair value through profit or loss' line in the capital column of the Statement of Comprehensive Income. In the prior periods the transaction costs were included under 'Other expenses'. The change in presentation is consistently applied for both for the current year and comparative reporting period. The change in presentation of transaction costs was applied in order to align with best market practice as relevant for investment companies.

The total column of this statement represents the Company's Statement of Other Comprehensive Income prepared in accordance with IFRS. The supplementary information on the allocation between the revenue account and the capital reserve is presented under guidance published by the AIC.

All the profit/(loss) and total comprehensive income is attributable to the equity shareholders of the Company. There are no minority interests.

No operations were acquired or discontinued in the year and all items in the above statement derive from continuing operations.

Statement of Changes in Equity

for the year ended 30 June 2023

	Note	Share premium account \$'000	Capital reserve \$'000	Revenue reserve \$'000	Total equity \$'000
Total equity at 30 June 2022		6,291	741,095	49,375	796,761
(Loss)/profit after taxation for the year		-	(5,235)	19,784	14,549
Dividend paid to shareholders	9	-	-	(14,576)	(14,576)
Total equity at 30 June 2023		6,291	735,860	54,583	796,734

	Note	Share premium account \$'000	Capital reserve \$'000	Revenue reserve \$'000	Total equity \$'000
Total equity at 30 June 2021		6,291	1,642,118	50,666	1,699,075
(Loss)/profit after taxation for the year		-	(512,589)	15,107	(497,482)
Write off receivable for shares		-	(134)	-	(134)
Repurchase and cancellation of the Company's own shares	14	-	(388,300)	-	(388,300)
Dividend paid to shareholders	9	-	-	(16,398)	(16,398)
Total equity at 30 June 2022		6,291	741,095	49,375	796,761

Statement of Financial Position

as at 30 June 2023

	Note	30 June 2023 \$'000	30 June 2022 \$'000
Non-current assets			
Financial assets at fair value through profit or loss ¹	10	778,608	727,342
Current assets			
Derivative assets	11	9,468	20,515
Amounts held at futures clearing houses and brokers		18,210	11,901
Other receivables	12	6,480	30,419
Cash at bank		18,057	34,418
		52,215	97,253
Current liabilities			
Derivative liabilities	11	12,847	14,408
Other payables	13	21,242	13,426
		34,089	27,834
Net current assets		18,126	69,419
Net assets		796,734	796,761
Equity			
Share premium account	15	6,291	6,291
Capital reserve	15	735,860	741,095
Revenue reserve	15	54,583	49,375
Total Equity Shareholders' Funds		796,734	796,761
Net asset value per Participating Preference Share	16	\$8.75	\$8.75

¹ The entire balance of investments in Financial assets at fair value through profit or loss was reclassified from Current assets to Non-Current assets. For more information please see Note 10 - Financial Assets at Fair Value through Profit or Loss.

The Financial Statements on pages 44 to 74 were approved by the Board of Directors of the Company on 12 October 2023 and signed on its behalf by:

Heather Manners

Chairman

Statement of Cash Flows

for the year ended 30 June 2023

	30 June 2023 \$'000	30 June 2022 \$'000
Operating activities		
Cash inflow from investment income	24,214	20,371
Cash inflow from derivative income	6,184	3,808
Cash inflow from other income	33	-
Cash inflow from securities lending income	-	38
Cash outflow from taxation paid	(1,063)	(3,694)
Cash outflow from the purchase of investments ¹	(928,894)	(1,647,814)
Cash inflow from the sale of investments ¹	930,627	2,064,569
Cash (outflow)/inflow from net proceeds from settlement of derivatives	(4,819)	14,119
Cash outflow from amounts held at futures clearing houses and brokers	(6,309)	(11,901)
Cash outflow from bank charges	-	(63)
Cash outflow from operating expenses ¹	(5,150)	(11,409)
Net cash inflow from operating activities	14,823	428,024
Financing activities		
Cash outflow from CFD interest paid	(10,111)	(4,585)
Cash outflow from short CFD dividends paid	(5,564)	(8,542)
Cash outflow from dividends paid to shareholders	(14,576)	(16,398)
Cash outflow from repurchase and cancellation of the Company's own shares	-	(388,300)
Net cash outflow from financing activities	(30,251)	(417,825)
Net (decrease)/increase in cash at bank	(15,428)	10,199
Cash at bank at the start of the year	34,418	26,926
Effect of foreign exchange movements	(933)	(2,707)
Cash at bank at the end of the year	18,057	34,418

¹ Transaction costs directly associated with purchases and sales of non-derivative securities changed presentation to be included under the 'Net gains/(losses) on financial assets at fair value through profit or loss' line in the capital column of the Statement of Comprehensive Income. In the prior periods the transaction costs were included under 'Other expenses'. The change in presentation is consistently applied for both for the current year and comparative reporting period.

Notes to the Financial Statements

for the year ended 30 June 2023

1. Principal Activity

Fidelity Emerging Markets Limited (the 'Company') was incorporated in Guernsey on 7 June 1989 and commenced activities on 19 September 1989. The Company is an Authorised Closed-Ended Investment Scheme as defined by The Authorised Closed-Ended Investment Schemes Rules and Guidance, 2021 (and, as such, is subject to ongoing supervision by the Guernsey Financial Services Commission). The Company is listed on the London Stock Exchange and is a constituent of the FTSE 250 Index.

The Company's registered office is at Level 3, Mill Court La Charroterie, St Peter Port, Guernsey GY1 1EJ, Channel Islands.

The Company's investment objective is to achieve long-term capital growth from an actively managed portfolio made up primarily of securities and financial instruments providing exposure to emerging market companies, both listed and unlisted.

These financial statements were approved by the Board of Directors and authorised for issue on 12 October 2023.

2. Summary of Significant Accounting Policies

(a) Basis of preparation

The principal accounting policies applied in the preparation of these financial statements on a going concern basis are set out below. These policies have been consistently applied to all years presented, unless otherwise stated. The Company's financial statements, which give a true and fair view of the assets, liabilities, financial position and profit and loss of the Company, have been prepared in accordance with International Financial Reporting Standards as adopted by the European Union ('IFRS'), which comprise standards and interpretations approved by the International Accounting Standards Board ('IASB'), the IFRS Interpretations Committee and interpretations approved by the International Accounting Standards Committee ('IASC') that remain in effect and the Companies (Guernsey) Law, 2008. The financial statements have been prepared under the historical cost convention, as modified by the revaluation of financial assets and financial liabilities at fair value through profit or loss.

Going concern

The Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for at least twelve months from the date of approval of these financial statements. In making their assessment the Directors have reviewed the income and expense projections, the liquidity of the investment portfolio, stress testing performed and considered the Company's ability to meet liabilities as they fall due. Accordingly, the Directors consider it appropriate to adopt the going concern basis of accounting in preparing these financial statements.

Significant accounting estimates, assumptions and judgements

The preparation of financial statements in conformity with IFRS may require management to make critical accounting judgements, estimates and assumptions that affect the application of policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from the estimates.

Valuations use observable data to the extent practicable. Changes in any assumptions could affect the reported fair value of the financial instruments. The determination of what constitutes observable requires significant judgement by the Company. The Company considers observable data to be market data that is readily available, regularly distributed or updated, reliable and verifiable, not proprietary, and provided by independent sources that are actively involved in the relevant market.

Adoption of new and revised International Financial Reporting Standards

The accounting policies adopted are consistent with those of the previous financial year.

At the date of authorisation of these financial statements, the following revised International Accounting Standards (IAS) were in issue but not yet effective:

- IAS 1 Classification of Liabilities as Current or Non-current - (Amendments);
- IAS 1 Disclosure of Accounting Policies - (Amendments) and IFRS Practice Statement 2;
- IAS 8 Definition of Accounting Estimate - (Amendments); and
- IAS 12 Deferred Tax related to Assets and Liabilities arising from a Single Transaction

The Directors do not expect that the adoption of the above standards will have a material impact on the financial statements of the Company in future periods.

2. Summary of Significant Accounting Policies continued**(b) Financial Instruments****Classification****(i) Assets**

The Company classifies its investments based on both the Company's business model for managing those financial assets and the contractual cash flow characteristics of the financial assets. The portfolio of financial assets is managed and performance is evaluated on a fair value basis. The Company is primarily focused on fair value information and uses that information to assess the assets' performance and to make decisions. The Company has not taken the option to irrevocably designate any equity securities as fair value through other comprehensive income. All investments are measured at fair value through profit or loss. The Company's investments are included in the Financial assets at fair value through profit and loss line in the Statement of Financial Position.

(ii) Liabilities

Derivative contracts that have a negative fair value are presented as derivative financial liabilities at fair value through profit or loss. As such, the Company classifies all of its investment portfolio as financial assets or liabilities at fair value through profit or loss. The Company's policy requires the Manager and the Board of Directors to evaluate the information about these financial assets and liabilities on a fair value basis together with other related financial information.

Recognition/derecognition

The Company recognises a financial asset or a financial liability when, and only when, it becomes a party to the contractual provisions of the instrument.

Regular-way purchases and sales of investments are recognised on their trade date, the date on which the Company commits to purchase or sell the investment. Investments are derecognised when the rights to cash flows from the investments have expired or the Company has transferred substantially all risks and rewards of ownership. The Company derecognises a financial liability when the obligation under the liability is discharged, cancelled or expires.

Measurement

Financial assets at fair value through profit and loss are measured initially at fair value being the transaction price. Transaction costs incurred to acquire financial assets at fair value through profit or loss are expensed in the Statement of Comprehensive Income. Transaction costs include fees and commissions paid to agents, advisers, brokers and dealers. Subsequent to initial recognition, all financial assets at fair value through profit or loss are measured at fair value. Gains and losses arising from changes in the fair value of the 'financial assets at fair value through profit or loss' category are presented in the Statement of Comprehensive Income in the year in which they arise.

The Company includes transaction costs, incidental to the purchase or sale of investments within Net gains/(losses) on financial assets at fair value through profit or loss in the capital column of the Statement of Comprehensive Income and has disclosed them in Note 10 below.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

Securities listed on active markets are valued based on their last bid price for valuation and financial statement purposes.

Equity Linked Notes are valued based on the available price of the underlying asset as at reporting date.

In the normal course of business, the Company may utilise Participatory notes ('P Notes') to gain access to markets that otherwise would not be accessible as a foreign investor. P Notes are issued by banks or broker-dealers and allow the Company to gain exposure to local shares in foreign markets. They are valued based on the last price of the underlying equity at the valuation date.

The Company's investment in other funds ('Investee Funds') are subject to the terms and conditions of the respective Investee Fund's offering documentation. The investments in Investee Funds are primarily valued based on the latest available redemption price for such units in each Investee Fund, as determined by the Investee Funds' administrators. The Company reviews the details of the reported information obtained for the Investee Funds and considers the liquidity of the Investee Fund or its underlying investments, the value date of the net asset value provided, any restrictions on redemptions and the basis of the Investee Funds' accounting. If necessary, the Company makes adjustments to the net asset value of the Investee Funds to obtain the best estimate of fair value.

The Company may make adjustments to the value of a security if it has been materially affected by events occurring before the Company's NAV calculation but after the close of the primary markets on which the security is traded. The Company may also make adjustment to the value of its investments if reliable market quotations are unavailable due to infrequent trading or if trading in a particular security was halted during the day and did not resume prior to the Company's NAV calculation.

Notes to the Financial Statements continued

2. Summary of Significant Accounting Policies continued

In preparing these financial statements the Directors have considered the impact of climate change risk as a principal and as an emerging risk as set out on pages 23 to 25, and have concluded that there was no further impact of climate change to be taken into account as the investments are valued based on market pricing. In line with IFRS 13 – “Fair Value Measurement” investments are valued at fair value, which for the Company are quoted bid prices for investments in active markets at the statement of financial position date. Investments which are unlisted are priced using market-based valuation approaches. All investments therefore reflect the market participants view of climate change risk on the investments held by the Company.

Derivative Instruments

When appropriate, permitted transactions in derivative instruments are used. Derivative transactions into which the Company may enter include long and short contracts for difference (“CFDs”), futures and options.

Under IFRS 9 derivatives are classified at fair value through profit or loss – held for trading, and are initially accounted and measured at fair value on the date the derivative contract is entered into and subsequently measured at fair value as follows:

- Long and short CFDs – the difference between the strike price and the value of the underlying shares in the contract;
- Futures – the difference between the contract price and the quoted trade price;
- Exchange Traded Options – valued based on similar instruments or the quoted trade price for the contract; and
- Over the counter options – valued based on broker statements.

Where transactions are used to protect or enhance income, if the circumstances support this, the income and expenses derived are included in derivative income in the revenue column of the Statement of Comprehensive Income. Where such transactions are used to protect or enhance capital, if the circumstances support this, the income and expenses derived are included in net gains on derivative instruments in the capital column of the Statement of Comprehensive Income. Any positions on such transactions open at the reporting date are reflected on the Statement of Financial Position at their fair value within current assets or current liabilities.

Amortised cost measurement

Cash at bank, amounts held at futures clearing houses and brokers and other receivables are carried at amortised cost using the effective interest method less any allowance for impairment. Gains and losses are recognised in profit or loss when the receivables are derecognised or impaired, as well as through the amortisation process.

Capital gains tax payable and other payables are measured at amortised cost using the effective interest method. Gains and losses are recognised in profit or loss when the liabilities are derecognised, as well as through the amortisation of these liabilities.

(c) Foreign Currency Translation

Functional and presentation currency

The books and records of the Company are maintained in the currency of the primary economic environment in which it operates (its functional currency). The Directors have considered the primary economic environment of the Company and considered the currency in which the original capital was raised, past distributions have been made and ultimately the currency in which capital would be returned on a break up basis. The Directors have also considered the currency to which underlying investments are exposed.

On balance, the Directors believe that US dollars best represent the functional currency of the Company. The financial statements, results and financial position of the Company are also expressed in US dollars which is the presentation currency of the Company and have been rounded to the nearest thousand unless otherwise stated.

Transactions and balances

Transactions in currencies other than US dollars are recorded at the rates of exchange prevailing on the date of the transaction. At the end of each reporting period, monetary items and non-monetary assets and liabilities that are fair valued and are denominated in foreign currencies are retranslated at rates prevailing at the end of the reporting period. Gains and losses arising on translation are included in the Statement of Comprehensive Income for the year. Foreign exchange gains and losses relating to cash and cash equivalents are presented in the Statement of Comprehensive Income within ‘Net foreign exchange gains or losses’. Foreign exchange gains and losses relating to financial assets at fair value through profit or loss and derivatives are presented in the Statement of Comprehensive Income within ‘Net gains or losses on investments’ and ‘Net gains on derivative instruments’ respectively.

(d) Recognition of dividend and interest income

Dividends arising on the Company’s investments are accounted for on an ex-dividend basis, gross of applicable withholding taxes. Interest on cash at bank and collateral is accrued on a day-to-day basis using the effective interest method. Dividends and interest income are recognised in the Statement of Comprehensive Income.

2. Summary of Significant Accounting Policies continued**(e) Income from derivatives**

Derivative instrument income received from dividends on long (or payable from short) CFDs are accounted for on the date on which the right to receive the payment is established, normally the ex-dividend date. The amount net of tax is credited (or charged) to the revenue column of the Statement of Comprehensive Income.

Interest received on CFDs is accounted for on an accruals basis and credited to the revenue column of the Statement of Comprehensive Income. Interest received on CFDs represent the finance costs calculated by reference to the notional value of the CFDs.

(f) Finance costs

Finance costs comprise bank charges and finance costs paid on CFDs, which are accounted for on an accruals basis, and dividends paid on short CFDs, which are accounted for on the date on which the obligation to incur the cost is established, normally the ex-dividend date. Finance costs are charged in full to the revenue column of the Statement of Comprehensive Income.

(g) Dividend distribution

Dividend distributions are at the discretion of the Board of Directors. A dividend is recognised as a liability in the period in which it is approved at the Annual General Meeting of the shareholders and is recognised in the Statement of Changes in Equity.

(h) Cash and cash equivalents

Cash comprises current deposits with banks. Cash equivalents are short-term highly liquid investments that are readily convertible to known amounts of cash, are subject to an insignificant risk of changes in value, and are held for the purpose of meeting short-term cash commitments rather than for investment or other purposes.

Bank overdrafts are accounted for as short term liabilities on the Statement of Financial Position and the interest expense is recorded using the effective interest rate method. Bank overdrafts are classified as other financial liabilities.

(i) Amounts held at futures clearing houses and brokers

Cash deposits are held in segregated accounts on behalf of brokers as collateral against open derivative contracts. These are carried at amortised cost.

(j) Other receivables

Other receivables include amounts receivable on settlement of derivatives, securities sold pending settlement, accrued income, taxation recoverable and other debtors and prepayments incurred in the ordinary course of business. If collection is expected in one year or less they are classified as current assets. If not, they are presented as non-current assets. Other receivables are recognised initially at fair value and, where applicable, subsequently measured at amortised cost using the effective interest rate method and as reduced by appropriate allowance for estimated irrecoverable amounts.

(k) Other payables

Other payables include amounts payable on settlement of derivatives, securities purchased pending settlement, investment management fees, amounts payable for repurchase of shares, finance costs payable and expenses accrued in the ordinary course of business. Other payables are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Other payables are recognised initially at fair value and, where applicable, subsequently measured at amortised cost using the effective interest rate method.

(l) Segment reporting

Operating Segments are reported in a manner consistent with the internal reporting used by the chief operating decision maker ('CODM'). The CODM, who is responsible for allocation of resources and assisting performance of the operating segments, has been identified as the Directors of the Company, as the Directors are ultimately responsible for investment decisions.

The Company is engaged in a single segment business and, therefore, no segmental reporting is provided.

(m) Expenses

All expenses are accounted for on an accruals basis and are charged to the Statement of Comprehensive Income.

Expenses are allocated wholly to revenue with the following exceptions:

- Management fees are allocated 20% to revenue and 80% to the capital, in line with the Board's expected long-term split of revenue and capital return from the Company's investment portfolio; and
- Expenses which are incidental to capital events are charged to capital.

Notes to the Financial Statements continued

2. Summary of Significant Accounting Policies continued

(n) Taxation

The Company currently incurs withholding taxes imposed by certain countries on investment income and capital gains taxes upon realisation of its investments. Such income or gains are recorded gross of withholding taxes and capital gains taxes in the Statement of Comprehensive Income. Withholding taxes and capital gains taxes are shown as separate items in the Statement of Comprehensive Income.

In accordance with IAS 12, 'Income taxes', the Company is required to recognise a tax liability when it is probable that the tax laws of foreign countries require a tax liability to be assessed on the Company's capital gains sourced from such foreign country, assuming the relevant taxing authorities have full knowledge of all the facts and circumstances. The tax liability is then measured at the amount expected to be paid to the relevant taxation authorities, using the tax laws and rates that have been enacted or substantively enacted by the end of the reporting period. There is sometimes uncertainty about the way enacted tax law is applied to offshore investment funds. This creates uncertainty about whether or not a tax liability will ultimately be paid by the Company. Therefore, when measuring any uncertain tax liabilities, management considers all of the relevant facts and circumstances available at the time that could influence the likelihood of payment, including any formal or informal practices of the relevant tax authorities.

(o) Share capital

Participating Preference Shares are not redeemable and there is no obligation to pay cash or another financial asset to the holder but are entitled to receive dividends. They are classified as equity. Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction from the proceeds net of tax.

(p) Purchase of own shares

The cost of purchases of the Company's own shares is shown as a reduction in Shareholders' Funds. The Company's net asset value and return per Participating Preference Share are calculated using the number of shares outstanding after adjusting for purchases.

(q) Securities lending

During the year ended 30 June 2022, the Company was engaged in securities lending with third party investment companies. As of 30 June 2023, the Company is no longer engaged in securities lending activities. JPMorgan Chase Bank N.A. acted as the securities lending agent (the 'Lending Agent') providing the securities lending services, record keeping services and served as securities custodian, maintaining custody of all Company-owned listed investments. Under the terms of its lending agreement, the Company received compensation in the form of fees, 20% of which are commissions payable to the Lending Agent for their services. The Company received dividends on the securities loaned and any gains and losses that occurred during the term of the loan were accounted for by the Company. Income earned from the securities lending agreement is recognised on the Statement of Comprehensive Income on an accruals basis and shown net of the commissions paid to the Lending Agent.

(r) Critical accounting estimates and assumptions

As stated in Note 2(a) Basis of Preparation, the preparation of financial statements, in conformity with IFRS, requires the use of certain critical accounting estimates. It also requires the Board of Directors to exercise its judgment in the process of applying the Company's accounting policies. For example, the Company may, from time to time, hold financial instruments that are not quoted in active markets, such as minority holdings in investment and private equity companies. Fair values of such instruments are determined using different valuation techniques validated and periodically reviewed by the Board of Directors.

(s) Capital reserve

The following are transferred to capital reserve:

- Gains and losses on the disposal of financial assets at fair value through profit and loss and derivatives instruments;
- Changes in the fair value of financial assets at fair value through profit and loss and derivative instruments, held at the year end;
- Foreign exchange gains and losses of a capital nature;
- 80% of management fees;
- Dividends receivable which are capital in nature;
- Taxation charged or credited relating to items which are capital in nature; and
- Other expenses which are capital in nature.

3. Income

	Year ended 30 June 2023 \$'000	Year ended 30 June 2022 \$'000
Investment income		
UK dividends	798	608
Overseas dividends	21,474	23,595
UK and overseas scrip dividends	-	196
	22,272	24,399
Derivative income		
Dividends received on long CFDs	5,220	4,182
Interest received on CFDs	1,414	374
Option Income	11,075	6,293
	17,709	10,849
Other income		
Securities lending income*	-	38
Interest income from cash and cash equivalents and collateral	587	99
Fee rebate	33	-
	620	137
Total income	40,601	35,385

* As of 30 June 2023, the Company is no longer engaged in securities lending activities. As at 30 June 2022, the Company generated gross income of \$47,000 from securities lending transactions and Commissions amounting to \$9,000 was paid to JPMorgan Chase Bank N.A. in respect of these transactions of which none were outstanding at the year end.

4. Management Fees

	Year ended 30 June 2023			Year ended 30 June 2022		
	Revenue \$'000	Capital \$'000	Total \$'000	Revenue \$'000	Capital \$'000	Total \$'000
Management fees	923	3,690	4,613	927	3,709	4,636

Up until 4 October 2021, the Company's Investment Manager was Genesis Investment Management, LLP ('GIML' or 'Genesis').

Under the terms of its Management Agreement and up to the end of same, GIML was entitled to receive a Management Fee from the Company, payable monthly in arrears equal to 0.90% (2022: 0.90%) per annum, calculated and accrued on the Net Asset Value of the Company as at each weekly Valuation Day, except for investments in Investee Funds, where GIML absorbed the expenses of the management of such funds to a maximum of 1% per annum of the value of the Company's holding in the relevant fund at the relevant time.

With effect from 4 October 2021, FIL Investment Services (UK) Limited was appointed as the Alternative Investment Fund Manager of the Company ('the Manager'), with the investment management of the Company undertaken by FIL Investments International ('Fidelity International', 'the Investment Manager') collectively 'Fidelity'.

Under the Investment Management Agreement ('the IMA'), Fidelity International is entitled to receive a Management Fee of 0.60% per annum of the Net Asset Value of the Company. Fees will be payable monthly in arrears and calculated on a daily basis.

Management fees incurred by collective investment schemes or investment companies managed or advised by the Investment Manager are reimbursed.

Fidelity International has waived its entitlement to receive a Management Fee for a period of nine months from its date of appointment. Hence, management fees for the financial year ended 30 June 2022 relates to the period under GIML management.

Please see information on ongoing charges ratio as presented on page 75.

Notes to the Financial Statements continued

5. Other Expenses

	Year ended 30 June 2023 \$'000	Year ended 30 June 2022 \$'000
Allocated to revenue:		
Custodian fees	362	1,002
Directors' fees	279	263
Directors' expenses	74	19
Administration fees	192	359
Audit fees ¹	73	159
Legal and professional fees	117	213
Sundry expenses	522	436
	1,619	2,451
Allocated to capital:²		
Legal and professional fees	-	1,318
	-	1,318
Other expenses	1,619	3,769

1 The audit fees charged through the Statement of Comprehensive Income for the year ended 30 June 2022 also includes an element related to the prior year's Audit.

2 Transaction costs directly associated with purchases and sales of non-derivative securities changed presentation to be included under the 'Net gains/(losses) on financial assets at fair value through profit or loss' line in the capital column of the Statement of Comprehensive Income. In the prior periods the transaction costs were included under 'Other expenses'. The change in presentation is consistently applied for both for the current year and comparative reporting period.

Administration fees

The Administrator is entitled to receive a fee, payable monthly, based on the Net Asset Value of the Company and time incurred. Administration fees for the year were \$192,000 and charged by JP Morgan Administration Services (Guernsey) Limited (2022: \$359,000).

Custodian fee

Under the Custodian Agreement, the Custodian to the Company is entitled to receive a fee payable monthly, based on the Net Asset Value of the Company. All custody services are performed by JP Morgan Chase Bank.

The Company also incurs charges and expenses of other organisations with whom securities are held. The total of all Custodian fees for the year represented approximately 0.05% (2022: 0.08%) per annum of the average Net Assets of the Company. Custodian fees for the year were \$362,000 (2022: \$1,002,000).

6. Finance Costs

	Year ended 30 June 2023			Year ended 30 June 2022		
	Revenue \$'000	Capital \$'000	Total \$'000	Revenue \$'000	Capital \$'000	Total \$'000
Bank charges	-	-	-	63	-	63
Dividends paid on short CFDs	5,270	-	5,270	9,097	-	9,097
Interest paid on CFDs	10,383	-	10,383	4,786	-	4,786
	15,653	-	15,653	13,946	-	13,946

7. Taxation

	Year ended 30 June 2023			Year ended 30 June 2022		
	Revenue \$'000	Capital \$'000	Total \$'000	Revenue \$'000	Capital \$'000	Total \$'000
Capital gains tax	-	(644)	(644)	-	(6,948)	(6,948)
Withholding taxes	2,622	-	2,622	2,954	-	2,954
	2,622	(644)	1,978	2,954	(6,948)	(3,994)

The Company is exempt from taxation in Guernsey under the provisions of the Income Tax (Exempt Bodies) (Guernsey) Ordinance, 2012. As such, the Company is only liable to pay a fixed annual fee, currently £1,200 (2022: £1,200).

Income due to the Company is subject to withholding taxes. The Manager undertakes regular reviews of the tax situation of the Company and believes that withholding taxes on dividend income and capital gains taxes on capital gains are currently the material transactions that generate the amounts of tax payable.

In accordance with IAS 12, 'Income taxes', where necessary the Company provides for deferred taxes on any capital gains/losses on the revaluation of securities in such jurisdictions where capital gains tax is levied.

The capital gains charge has been calculated on the basis of the tax laws enacted or substantially enacted at the reporting date in the countries where the Company's investments generate taxable income on realisation. The Manager, on behalf of the Board, periodically evaluates which applicable tax regulations are subject to interpretation and establishes provisions when appropriate.

As at 30 June 2023, \$915,000 capital gains tax provision was recognised in the Statement of Financial Position (2022: \$nil).

8. Earnings/(loss) per Participating Preference Share

	Year ended 30 June 2023	Year ended 30 June 2022
Revenue earnings per Participating Preference Share	\$0.22	\$0.15
Capital loss per Participating Preference Share	\$(0.06)	\$(5.11)
Total earnings/(loss) per Participating Preference Share - basic and diluted	\$0.16	\$(4.96)

The earnings/(loss) per Participating Preference Share is based on the profit/(loss) after taxation for the year divided by the weighted average number of Participating Preference Shares in issue during the year, as shown below:

	\$'000	\$'000
Revenue profit after taxation for the year	19,784	15,107
Capital loss after taxation for the year	(5,235)	(512,589)
Total profit/(loss) after taxation for the year attributable to Participating Preference Shares	14,549	(497,482)

	Number	Number
Weighted average number of Participating Preference Shares in issue	91,100,066	100,251,671

Notes to the Financial Statements continued

9. Dividends Paid to Shareholders

	Year ended 30 June 2023 \$'000	Year ended 30 June 2022 \$'000
Dividend paid		
2022 final dividend of 16.0¢ (2021: 18.0¢) per Participating Preference Share	14,576	16,398
Total dividend paid	14,576	16,398
Dividend proposed		
2023 final dividend of 19.0¢ (2022: 16.0¢) per Participating Preference Share	17,309	14,576
Total dividend proposed	17,309	14,576

The Directors have proposed the payment of a dividend for the year ended 30 June 2023 of 19.0¢ per Participating Preference Share which is subject to approval by shareholders at the Annual General Meeting on 7 December 2023 and has not been included as a liability in these financial statements. The dividend will be paid on 15 December 2023 to shareholders on the register at the close of business on 17 November 2023 (ex-dividend date 16 November 2023).

10. Financial Assets at Fair Value through Profit or Loss

	30 June 2023 \$'000	30 June 2022 \$'000
Financial Assets:		
Equity securities	752,126	642,794
Equity linked notes	17,433	78,739
Investee funds	9,049	5,809
Total financial assets at fair value through profit or loss¹	778,608	727,342
Opening book cost	907,801	1,184,256
Opening unrealised (losses)/gains on financial assets at fair value through profit or loss	(180,459)	495,679
Opening fair value of financial assets at fair value through profit or loss	727,342	1,679,935
Movements in the year		
Purchases at cost ²	932,911	1,659,847
Sales - proceeds ²	(918,198)	(2,077,408)
Gains/(losses) on financial assets at fair value through profit or loss ²	36,553	(535,032)
Closing fair value	778,608	727,342
Closing book cost	884,753	907,801
Closing unrealised losses on financial assets at fair value through profit or loss	(106,145)	(180,459)
Closing fair value of financial assets at fair value through profit or loss	778,608	727,342

1 The fair value hierarchy of the financial assets at fair value through profit or loss shown in Note 17 below.

2 Transaction costs directly associated with purchases and sales of non-derivative securities changed presentation to be included under the 'Net gains/(losses) on financial assets at fair value through profit or loss' line in the capital column of the Statement of Comprehensive Income. In the prior periods the transaction costs were included under 'Other expenses'. The change in presentation is consistently applied for both for the current year and comparative reporting period.

Under the previous Investment Manager and until the re-balancing of the portfolio by the new Investment Manager, the entire balance of investments in Financial assets at fair value through profit or loss was classified under Current assets. Under the investment approach adopted by the current Investment Manager, the portfolio does not meet the definition of current assets, therefore the entire balance of investments in Financial assets at fair value through profit or loss is classified as Non-current assets. This led to a restatement of the entire balance of Financial assets at fair value through profit or loss as at 30 June 2022 reducing the Current assets from \$824,595,000 to \$97,253,000 and increasing the Non-current assets from Nil to \$727,342,000. The restatement of the 30 June 2022 balance has no impact on the Net Asset Value of the Company or any other indicators, including the Alternative Performance Measures as at 30 June 2022.

10. Financial Assets at Fair Value through Profit or Loss continued

As the investment objective of the Company is to achieve long-term capital growth, the classification of investments in Financial assets at fair value through profit or loss as Non-current assets is representative of the way the portfolio is managed.

The appropriate classification for periods prior to the change of Investment Manager (4 October 2021) and accounting periods prior to that is considered to be impracticable to determine, due to the change in Investment Manager and directors.

Gains/(losses) on financial assets at fair value through profit or loss

	Year ended 30 June 2023 \$'000	Year ended 30 June 2022 \$'000
Realised gains/(losses) on financial assets at fair value through profit or loss		
Realised gains	75,936	385,792
Realised losses	(113,697)	(244,686)
Net realised (losses)/gains on financial assets at fair value through profit or loss	(37,761)	141,106
Change in unrealised gains/(losses) on financial assets at fair value through profit or loss		
Change in unrealised gains on financial assets at fair value through profit or loss	20,750	(499,923)
Change in unrealised losses on financial assets at fair value through profit or loss	53,564	(176,215)
Net change in unrealised gains/(losses) on financial assets at fair value through profit or loss	74,314	(676,138)
Net gains/(losses) on financial assets at fair value through profit or loss	36,553	(535,032)

The Company received \$918,198,000 (2022: \$2,077,408,000) from financial assets at fair value through profit or loss sold in the year. The book cost of these financial assets at fair value through profit or loss when they were purchased was \$955,959,000 (2022: \$1,936,302,000). These financial assets at fair value through profit or loss have been revalued over time and until they were sold any unrealised gains/losses were included in the fair value of the financial assets at fair value through profit or loss.

Transaction costs incurred during the year in the acquisition and disposal of financial assets at fair value through profit or loss, which are included in the Net realised gains/(losses) on financial assets at fair value through profit or loss were as follows:

	Year ended 30 June 2023 \$'000	Year ended 30 June 2022 \$'000
Purchases transaction costs	1,403	2,094
Sales transaction costs	1,123	2,945
	2,526	5,039

Transaction costs for the year ended 30 June 2022 were higher due to the rebalancing of the investment portfolio following the change of Investment Manager to Fidelity.

Notes to the Financial Statements continued

11. Derivative Instruments

	Year ended 30 June 2023 \$'000	Year ended 30 June 2022 \$'000
Realised (losses)/gains on derivative instruments		
Gains on CFDs	163,817	129,741
Gains on futures	19,508	117,231
Gains on options	10,947	6,269
Losses on CFDs	(187,154)	(227,268)
Losses on futures	(21,287)	(3,963)
Losses on options	(13,600)	(6,068)
Net realised (losses)/gains on derivative instruments	(27,769)	15,942
Change in unrealised (losses)/gains on derivative instruments		
Change in unrealised gains on CFDs	(11,177)	19,541
Change in unrealised gains on futures	849	-
Change in unrealised gains on options	138	948
Change in unrealised losses on CFDs	(15)	(10,890)
Change in unrealised losses on futures	277	(277)
Change in unrealised losses on options	(112)	(2,035)
Net change in unrealised (losses)/gains on derivative instruments	(10,040)	7,287
Net (losses)/gains on derivative instruments	(37,809)	23,229

	30 June 2023 Fair value \$'000	30 June 2022 Fair value \$'000
Fair value of derivative instruments recognised on the Statement of Financial Position*		
Derivative instrument assets	9,468	20,515
Derivative instrument liabilities	(12,847)	(14,408)
	(3,379)	6,107

* The fair value hierarchy of the derivative instruments is shown in Note 17 below.

	30 June 2023		30 June 2022	
	Fair value \$'000	Asset exposure \$'000	Fair value \$'000	Asset exposure \$'000
At the year end the Company held the following derivative instruments				
Long CFDs	(4,598)	312,737	3,781	249,053
Short CFDs	2,057	203,746	4,967	188,830
Short CFD (hedging exposure)	-	-	(97)	(7,938)
Futures (hedging exposure)	849	(130,176)	(277)	(60,312)
Long call options	254	2,879	973	3,675
Short put options	(1,557)	10,789	(2,954)	16,092
Short call options	(384)	6,406	(286)	3,334
	(3,379)	406,381	6,107	392,734

12. Other Receivables

	30 June 2023 \$'000	30 June 2022 \$'000
CFD dividend receivable	827	377
Securities sold pending settlement	789	13,218
Amounts receivable on settlement of derivatives	-	9,770
Accrued income	4,834	6,189
Other receivables	30	865
	6,480	30,419

13. Other Payables

	30 June 2023 \$'000	30 June 2022 \$'000
CFD interest payable	473	201
CFD dividend payable	261	555
Securities purchased pending settlement	16,050	12,033
Amounts payable on settlement of derivatives	2,762	103
Management fees	391	-
Custodian fees	89	108
Directors' fees	45	76
Capital gains tax payable	915	-
Accrued expenses	256	350
	21,242	13,426

14. Share Capital

	2023 Number of shares	2022 Number of shares
Authorised		
Founder shares of no par value	1,000	1,000
Issued		
Participating Preference Shares of no par value adjusted for purchase of own shares	91,100,066	121,466,754
Repurchase and cancellation of the Company's own shares	-	(30,366,688)
Participating Preference Shares as at 30 June	91,100,066	91,100,066

On 6 September 2021, the Company launched a tender offer to buy back up to 25% of its issued share capital. As a result of the tender offer, on 22 October 2021, the Company repurchased 30,366,688 Participating Preference Shares for cancellation. The resultant number of shares in issue is 91,100,066 Participating Preference Shares.

The costs associated with the cancellation of the shares of \$388,300,000 were charged to the capital reserve for the year ended 30 June 2022.

The Company may issue an unlimited number of Unclassified Shares of no par value.

Notes to the Financial Statements continued

14. Share Capital continued

Founder Shares

All of the Founder Shares were issued on 6 June 1989 to GIML or its nominees. The Founder Shares were issued at \$1 each par value. The Founder Shares are not redeemable. At the Extraordinary General Meeting of the Company on 30 October 2009 and in accordance with The Companies (Guernsey) Law, 2008 it was approved that each Founder Share be redesignated as no par value shares.

The Founder Shares confer no rights upon holders other than at general meetings, on a poll, every holder is entitled to one vote in respect of each Founder Share held.

On 7 October 2021, all of the Founder shares were transferred from GIML to FIL Investment Services (UK) Limited.

Treasury Shares

The Company does not hold treasury shares as all historical repurchases of its own shares have been cancelled.

Participating Preference Shares

At the Extraordinary General Meeting of the Company held on 30 October 2009 it was approved that each Participating Preference Share be divided into ten Participating Preference Shares. Under The Companies (Guernsey) Law, 2008 (as amended), the nominal values of the shares were also converted into sterling and redesignated as no par value shares.

The holders of Participating Preference Shares rank ahead of holders of any other class of share in issue in a winding up. They have the right to receive any surplus assets available for distribution. The Participating Preference Shares confer the right to dividends declared, and at general meetings, on a poll, confer the right to one vote in respect of each Participating Preference Share held. Participating Preference Shares are classed as equity as they have a residual interest in the assets of the Company.

All of the above classes of shares are considered as Equity under the definitions set out in IAS 32, 'Financial instruments: Disclosure and presentation', because the shares are not redeemable and there is no obligation to pay cash or another financial asset to the holder.

15. Capital and Reserves

	Share premium account \$'000	Capital reserve \$'000	Revenue reserve \$'000	Total equity \$'000
At 1 July 2022	6,291	741,095	49,375	796,761
Net gains on investments at fair value through profit or loss (see Note 10)	-	36,553	-	36,553
Net losses on derivative instruments (see Note 11)	-	(37,809)	-	(37,809)
Net foreign exchange losses	-	(933)	-	(933)
Management fees (see Note 4)	-	(3,690)	-	(3,690)
Tax charged to capital (see Note 7)	-	644	-	644
Revenue profit after taxation for the year	-	-	19,784	19,784
Dividends paid to shareholders (see Note 9)	-	-	(14,576)	(14,576)
At 30 June 2023	6,291	735,860	54,583	796,734

15. Capital and Reserves continued

	Share premium account \$'000	Capital reserve \$'000	Revenue reserve \$'000	Total equity \$'000
At 1 July 2021	6,291	1,642,118	50,666	1,699,075
Net losses on investments at fair value through profit or loss (see Note 10)	-	(535,032)	-	(535,032)
Net gains on derivative instruments (see Note 11)	-	23,229	-	23,229
Net foreign exchange losses	-	(2,707)	-	(2,707)
Management fees (see Note 4)	-	(3,709)	-	(3,709)
Other expenses (see Note 5)	-	(1,318)	-	(1,318)
Tax charged to capital (see Note 7)	-	6,948	-	6,948
Write off receivable for shares	-	(134)	-	(134)
Repurchase and cancellation of the Company's own shares (see Note 14)	-	(388,300)	-	(388,300)
Revenue profit after taxation for the year	-	-	15,107	15,107
Dividends paid to shareholders (see Note 9)	-	-	(16,398)	(16,398)
At 30 June 2022	6,291	741,095	49,375	796,761

Share Premium

Share Premium is the amount by which the value of shares subscribed for exceeded their nominal value at the date of issue.

The capital reserve balance at 30 June 2023 includes unrealised losses on the revaluation of financial assets at fair value through profit or loss of \$106,145,000 (2022: losses of \$180,459,000) as detailed in Note 10 above.

16. Net Asset Value per Participating Preference Share

The calculation of the net asset value per Participating Preference Share is based on the following:

	30 June 2023	30 June 2022
Net assets	\$796,734,000	\$796,761,000
Participating Preference Shares in issue	91,100,066	91,100,066
Net Asset Value per Participating Preference Share	\$8.75	\$8.75

17. Financial Instruments**Management of risk**

The Company's investing activities in pursuit of its investment objective involve certain inherent risks. The Board confirms that there is an ongoing process for identifying, evaluating and managing the risks faced by the Company. The Board with the assistance of the Investment Manager, has developed a risk matrix which, as part of the internal control process, identifies the risks that the Company faces. Principal risks identified are investment performance, cybercrime and information security, business continuity & event management, gearing, discount to NAV, unlisted securities, foreign currency exposure, lack of market liquidity, environmental, social and governance (ESG) and key person risks. Other risks identified are tax and regulatory and operational risks, including those relating to third party service providers covering investment management, marketing and business development, company secretarial, fund administration and operations and support functions. Risks are identified and graded in this process, together with steps taken in mitigation, and are updated and reviewed on an ongoing basis. Risks identified are shown in the Strategic Report.

This note is incorporated in accordance with IFRS 7: Financial Instruments: Disclosures and refers to the identification, measurement and management of risks potentially affecting the value of financial instruments.

Notes to the Financial Statements continued

17. Financial Instruments continued

The Company's financial instruments may comprise:

- Equity shares (listed and unlisted), preference shares, equity linked notes, convertible bonds, rights issues, holdings in investment companies and private placements;
- Derivative instruments including CFDs, warrants, futures and options written or purchased on stocks and equity indices and forward currency contracts; and
- Cash, liquid resources and short-term receivables and payables that arise from its operations.

The risks identified by IFRS 7 arising from the Company's financial instruments are market price risk (which comprises interest rate risk, foreign currency risk and other price risk), liquidity risk, credit and counterparty risk and derivative instrument risk. The Board reviews and agrees policies for managing each of these risks, which are summarised below.

Interest rate risk

The Company has the ability to borrow up to 10% of the Company's NAV in order to increase the amount of capital available for investment. The Company aims to keep its use of an overdraft facility for trading purposes to a minimum only using a facility to enable settlements. It may also hold interest bearing securities and cash.

The Company finances its operations through its share capital and reserves. In addition, the Company has gearing through the use of derivative instruments. The Board imposes limits to ensure gearing levels are appropriate. The Company is exposed to a financial risk arising as a result of any increases in interest rates associated with the funding of the derivative instruments.

Interest rate risk exposure

The values of the Company's financial instruments that are exposed to movements in interest rates are shown below:

	30 June 2023 \$'000	30 June 2022 \$'000
Exposure to financial instruments that bear interest		
Long CFDs - exposure less fair value	317,335	245,272
	317,335	245,272
Exposure to financial instruments that earn interest		
Short CFDs - exposure plus fair value	205,804	201,638
Amounts held at futures clearing houses and brokers	18,210	11,901
Cash and cash equivalents	18,057	34,418
	242,071	247,957
Net exposure to financial instruments that (bear)/earn interest	(75,264)	2,685

Interest rate risk sensitivity analysis

Based on the financial instruments held and interest rates at the statement of financial position date, an increase of 1% in interest rates throughout the year, with all other variables held constant, would have decreased the profit after taxation for the year and decreased the net assets of the Company by \$753,000 (2022: decreased the loss after taxation for the year and increased the net assets of the Company by \$27,000). A decrease of 1% in interest rates throughout the year would have had an equal but opposite effect.

Foreign currency risk

The Company invests in financial instruments and enters into transactions denominated in currencies other than its functional currency. Consequently, the Company is exposed to risks that the exchange rate of its functional currency relative to other foreign currencies may change in a manner that has an adverse effect on the value of that portion of the Company's assets or liabilities denominated in currencies other than US dollars (functional currency) or UK sterling (the currency in which shares are traded on the London Stock Exchange).

17. Financial Instruments continued

Three principal areas have been identified where foreign currency risk could impact the Company:

- movements in currency exchange rates affecting the value of investments and derivatives exposures;
- movements in currency exchange rates affecting short-term timing differences, for example, between the date when an investment is bought or sold and the date when settlement of the transaction occurs; and
- movements in currency exchange rates affecting income received.

Currency exposure of financial assets

The Company’s financial assets comprise of investments, positions on derivative instruments, short-term debtors and cash and cash equivalents.

Currency exposure of financial liabilities

The Company finances its investment activities through its ordinary share capital and reserves. The Company’s financial liabilities comprise positions on derivative instruments and other payables.

The net currency exposure profile of these financial assets/(liabilities) is shown below:

Currency	Investments held at fair value through profit or loss \$'000	Asset/ (liabilities) exposure of derivative instruments ¹ \$'000	Cash, cash equivalents and other receivables/ (payables) ² \$'000	2023 Total foreign currency risk \$'000
Brazilian real	70,992	263	(74)	71,181
Canadian dollar	23,451	19,717	15	43,183
Chinese yuan renminbi	6,364	–	30	6,394
Euro	35,411	3,570	5	38,986
Hong Kong dollar	77,538	53,348	1,265	132,151
Indian rupee	93,561	–	136	93,697
Indonesian rupiah	36,602	–	–	36,602
Korean won	9,563	(604)	36	8,995
Mexican peso	34,214	18,890	(65)	53,039
Nigerian naira	9,356	–	1,319	10,675
Poland zloty	12,087	(7,503)	21	4,605
South African rand	80,608	(4,512)	(237)	75,859
UK sterling	20,784	9,044	(27)	29,801
Swedish krona	10,837	–	–	10,837
Taiwan dollar	107,225	–	1,835	109,060
United Arab Emirates dirham	4,124	–	–	4,124
United States dollar	92,384	(90,177)	17,175	19,382
Vietnamese dong	15,131	–	68	15,199
Other currencies	38,376	(15,959)	3	22,420
	778,608	(13,923)	21,505	786,190

1 The asset exposure of long and short derivative positions is after the netting of hedging exposures;

2 Other receivables/(payables) include amounts held at futures clearing houses and brokers.

Notes to the Financial Statements continued

17. Financial Instruments continued

Currency	Investments held at fair value through profit or loss \$'000	Asset/(liabilities) exposure of derivative instruments ¹ \$'000	Cash, cash equivalents and other receivables/(payables) ² \$'000	2022 Total foreign currency risk \$'000
Brazilian real	71,653	-	1,363	73,016
Canadian dollar	50,696	(18)	302	50,980
Chinese yuan renminbi	43,529	-	148	43,677
Euro	13,162	(2,746)	35	10,451
Hong Kong dollar	62,006	105,454	4,893	172,353
Indian rupee	68,882	-	472	69,354
Indonesian rupiah	10,611	-	-	10,611
Korean won	37,393	2,275	82	39,750
Mexican peso	1,737	16,545	(67)	18,215
Nigerian naira	15,731	-	1,602	17,333
Polish zloty	2,118	(391)	1	1,728
South African rand	60,046	(3,091)	2	56,957
UK sterling	20,936	(7,209)	112	13,839
Swedish krona	3,251	-	-	3,251
Taiwan dollar	99,327	-	2,971	102,298
United Arab Emirates dirham	26,679	-	-	26,679
United States dollar	132,765	(85,971)	47,516	94,310
Vietnamese dong	5,784	-	4,134	9,918
Other currencies	1,036	(16,442)	(254)	(15,660)
	727,342	8,406	63,312	799,060

¹ The asset exposure of long and short derivative positions is after the netting of hedging exposures;

² Other receivables/(payables) include amounts held at futures clearing houses and brokers.

Foreign currency risk management

The degree of sensitivity of the Company's assets to foreign currency risk depends on the net exposure of the Company to each specific currency and the volatility of that specific currency in the year. At 30 June 2023, had the average exchange rate of the US dollar weakened by a reasonable possible movement of 5% (2022: 5%) in relation to the basket of currencies in which the Company's net assets are denominated, weighted by the Company's exposure to each currency with all other variables held constant, the Company estimates the profit after taxation for the year would have increased and net assets would have increased by \$38,340,000 (2022: decreased the loss after taxation for the year and increased the net assets of the Company by \$35,238,000).

An increase in the US dollar by 5% in relation to the basket of currencies in which the Company's net assets are denominated would have resulted in a decline in net assets by the same amount, under the assumption that all other factors remain constant.

The Investment Manager does not consider it realistic or useful to examine foreign currency risk in isolation. The Investment Manager considers the standard deviation of the NAV (which is struck in US dollars) as the appropriate risk measurement for the portfolio as a whole as it reflects market price risk generally. Please see Market Price Risk section.

Market price risk

Market price risk is the risk that value of the instrument will experience unanticipated fluctuations as a result of changes in market prices (other than those arising from foreign currency risk and interest rate risk), whether caused by factors specific to an individual investment, its issuer, or all factors influencing all instruments traded in the market.

17. Financial Instruments continued

Market price risk management

Market price risk can be moderated in a number of ways by the Investment Manager through:

- (i) a disciplined stock selection and investment process; and
- (ii) limitation of exposure to a single investment through diversification and through amongst others, the implementation of investment restrictions.

The Board reviews the prices of the portfolio's holdings and investment performance at their meetings. Country and Sector Exposure of the Portfolio and Forty Largest Holdings illustrate the Company's portfolio at the end of reporting period reflects the diversified strategy.

The Investment Manager has identified the MSCI Emerging Markets Index as a relevant reference point for the markets in which it operates. However, the Investment Manager does not manage the Company's investment strategy to track the MSCI Emerging Markets Index or any other index or benchmark. The short-term performance of the Company and its correlation to the MSCI Emerging Markets Index is shown in the Financial Highlights section and is expected to change over time.

Market price risk – Investee Funds

The Company's investments in Investee Funds are subject to the terms and conditions of the respective Investee Fund's offering documentation and are susceptible to market price risk arising from uncertainties about future values of those Investee Funds. The Investment Manager makes investment decisions after extensive due diligence of the underlying fund, its strategy and the overall quality of the underlying fund's manager. All of the Investee Funds in the investment portfolio are managed by portfolio managers who are compensated by the respective Investee Funds for their services. Such compensation generally consists of an asset based fee and a performance based incentive fee and is reflected in the valuation of the Company's investment in each of the Investee Funds.

The exposure to investments in Investee Funds at fair value is disclosed as part of Note below. These investments are included in 'Financial assets at fair value through profit or loss' in the Statement of Financial Position. The Company's maximum exposure to loss from its interests in Investee Funds is equal to the total fair value of its investments in Investee Funds.

Total purchases in Investee Funds amounted \$3,846,000 (2022: none). Total sales amounted to \$4,045,000 (2022: \$1,473,000). As at 30 June 2023 and 2022 there were no capital commitment obligations and no amounts due to Investee Funds for unsettled purchases. During the year ended 30 June 2023 total net losses incurred on investments in Investee Funds were \$1,154,000 (2022: losses of \$1,488,000).

Other price risk

Other price risk arises mainly from uncertainty about future prices of financial instruments. It represents the potential loss the Company might suffer through price movements in its investment positions. The Board meets quarterly to consider the asset allocation of the portfolio and the risk associated with particular industry sectors within the parameters of the investment objective.

The Investment Manager is responsible for actively monitoring the portfolio selected in accordance with the overall asset allocation parameters and seeks to ensure that individual stocks also meet an acceptable risk/reward profile. Other price risks arising from derivative positions, mainly due to the underlying exposures, are assessed by the Investment Manager's specialist derivative instruments team.

Other price risk sensitivity

The following table illustrates the sensitivity of loss after taxation for the year and net assets to an increase or decrease of 10% (year ended 30 June 2022: 10%) in the fair value of investments. This level of change is considered to be a reasonable illustration based on observation of current market conditions. The sensitivity analysis is based on investments with all other variables held constant.

The other price sensitivity analysis is based on the valuation of investments directly held by the Company. For underlying investment funds this is based on the net assets of such underlying funds as included in the Company's portfolio of investments at reporting date.

The value of certain investments, in particular positions held in underlying funds may vary due to currency, interest rate and credit risks and such risks are not directly considered in the other price risk sensitivity analysis.

Notes to the Financial Statements continued

17. Financial Instruments continued

Effect of a 10% increase/(decrease) in fair value:

	2023		2022	
	10% increase in fair value \$'000	10% decrease in fair value \$'000	10% increase in fair value \$'000	10% decrease in fair value \$'000
Statement of Comprehensive Income - profit/(loss) after taxation				
Total profit/(loss) after taxation for the year	77,861	(77,861)	72,734	(72,734)
Net assets	77,861	(77,861)	72,734	(72,734)

Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulties in meeting obligations associated with financial liabilities. The Company's assets mainly comprise readily realisable securities and derivative instruments which can be sold easily to meet funding commitments if necessary. Short-term flexibility is achieved by the use of a bank overdraft, if required.

The liquidity risk profile of the Company was as follows:

	30 June 2023 \$'000	30 June 2022 \$'000
Amounts due within one month		
Securities purchased pending settlement	16,050	12,033
Amounts payable on settlement of derivatives	2,762	103
Derivative liabilities	12,847	12,494
CFD interest payable	473	201
CFD dividend payable	261	555
Custodian fees	89	108
Management fees	391	-
Directors' fees	45	76
Accrued expenses	256	350
Amounts due within one year		
Derivative liabilities	-	1,914
Capital gains tax payable	915	-
Total liabilities	34,089	27,834

Liquidity risk management

The restrictions on concentration and the diversification requirements detailed above (see market price risk) also serve normally to protect the overall value of the Company from the risks created by the lower level of liquidity in the markets in which the Company operates.

The Company has no payables past their due dates as at 30 June 2023 (2022: nil).

Credit and counterparty risk

Credit risk is the risk that a counterparty to a financial instrument will fail to discharge an obligation or commitment it has entered into with the Company. Financial instruments may be adversely affected if any of the institutions with which money is deposited suffer insolvency or other financial difficulties. All transactions are carried out with brokers that have been approved by the Investment Manager and are settled on a delivery versus payment basis. Limits are set on the amount that may be due from any one broker and are kept under review by the Investment Manager. Exposure to credit risk arises on outstanding security transactions and derivative instrument contracts and cash at bank. The Company only engages with approved counterparties that are rated investment grade or above.

The Company has no receivables past their due dates as at 30 June 2023 (2022: nil).

17. Financial Instruments continued

Credit risk management

Certain derivative instruments in which the Company may invest are not traded on an exchange but instead will be traded between counterparties based on contractual relationships, under the terms outlined in the International Swaps and Derivatives Association's ("ISDA") market standard derivative legal documentation. These are known as Over The Counter ("OTC") trades. As a result, the Company is subject to the risk that a counterparty may not perform its obligations under the related contract. In accordance with the risk management process which the Investment Manager employs, this risk is minimised by only entering into transactions with counterparties which are believed to have an adequate credit rating at the time the transaction is entered into, by ensuring that formal legal agreements covering the terms of the contract are entered into in advance, and through adopting a counterparty risk framework which measures, monitors and manages counterparty risk by the use of internal and external credit agency ratings and evaluates derivative instrument credit risk exposure.

The maximum exposure to credit risk at 30 June is the carrying amount of the financial assets as set out below.

	30 June 2023	30 June 2022
	Amounts due within 1 year \$'000	Amounts due within 1 year \$'000
Derivative assets	9,468	20,515
Securities sold pending settlement	789	13,218
Amounts receivable on settlement of derivatives	-	9,770
Amounts held at futures clearing houses and brokers	18,210	11,901
Cash and cash equivalents	18,057	34,418
CFD dividend receivable	827	377
Accrued income	4,834	6,189
Other receivables	30	865
	52,215	97,253

None of these assets are impaired nor past due but not impaired.

For OTC and exchange traded derivative transactions, collateral is used to reduce the risk of both parties to the contract. Collateral is managed on a daily basis for all relevant transactions and held in segregated collateral accounts. Collateral can be held by brokers on behalf of the Company to reduce the credit risk exposure of the Company or held by the Company on behalf of brokers to reduce the credit risk exposure of the brokers. All collateral received or pledged at reporting date is in form of cash. The value of collateral received from brokers and pledged to brokers is shown below:

	30 June 2023		30 June 2022	
	collateral received \$'000	collateral pledged \$'000	collateral received \$'000	collateral pledged \$'000
Bank of America Merrill Lynch International	-	250	-	-
Goldman Sachs International Ltd	-	3,430	2,730	-
J.P. Morgan Securities plc	1,180	-	-	440
Morgan Stanley & Co. International Ltd	110	-	8,090	-
HSBC Bank plc	-	1,800	5,180	-
UBS AG	-	12,730	740	11,461

Notes to the Financial Statements continued

17. Financial Instruments continued

Credit Risk – Securities Lending

During the year ended 30 June 2022, the Company was engaged in securities lending. As of 30 June 2022 and during the year ended 30 June 2023, the Company was no longer engaged in securities lending activities.

Participation in securities lending transactions during the year ended 30 June 2022 exposed the Company to risk of default by the third party borrower. To mitigate this risk, during the period when the Company was engaged in securities lending, the loans were secured by collateral comprising of governmental securities and was called in on a daily basis to a value of 102% of the fair value of securities on loan if that collateral was denominated in the same currency as the securities on loan and 105% if it was denominated in a different currency. The Lending Agent was responsible for monitoring the collateralisation of 102% and 105% and ensuring that these levels were maintained on marked to market fair values of all securities on loan. The Company had the right under the lending agreement to recover the securities from the borrower on demand. In case of default by the borrower, the responsibility to 'make good' the transaction was with the Lending Agent.

During the period when the Company was engaged in securities lending, Genesis actively monitored the capital levels and credit rating of the Lending Agent and the third party borrowers.

Derivative instrument risk

The risks and risk management processes which result from the use of derivative instruments, are set out in the Risk Management Process document. This document was approved by the Board and allows the use of derivative instruments for the following purposes:

- to gain exposure to equity markets, sectors or individual investments;
- to hedge equity market risk in the Company's investments with the intention of mitigating losses in the event markets fall;
- to enhance portfolio returns by writing call and put options; and
- to take short positions in equity markets, sectors or individual investments which would benefit from a fall in the relevant market price, where the Investment Manager believes the investment is overvalued. These positions distinguish themselves from other short exposures held for hedging purposes since they are expected to add risk to the portfolio.

The risk and investment performance of these instruments are managed by an experienced, specialist derivative team of the Investment Manager using portfolio risk assessment tools for portfolio construction.

Derivative instruments exposure sensitivity analysis

The Company invests in derivative instruments to gain or reduce exposure to the equity market. An increase of 10% in the share prices of the investments underlying the derivative instruments at the reporting date would have increased the profit after taxation for the year and increased the net assets of the Company by \$1,392,000 (2022: decreased the loss after taxation for the year and increased the net assets of the Company by \$841,000). A decrease of 10% in share prices of the investments underlying the derivative instruments would have had an equal but opposite effect.

17. Financial Instruments continued

Offsetting

To mitigate counterparty risk for OTC derivative transactions, the ISDA legal documentation is in the form of a master agreement between the Company and the brokers. This allows enforceable netting arrangements in the event of a default or termination event. Derivative instrument assets and liabilities that are subject to netting arrangements have not been offset in preparing the Statement of Financial Position.

The Company's derivative instrument financial assets and liabilities recognised in the Statement of Financial Position and amounts that could be subject to netting in the event of a default or termination are shown below:

	Gross amount of recognised financial liabilities set off on the statement of financial position \$'000	Gross amount of financial position \$'000	Net amount of financial assets presented on the statement of financial position \$'000	Related amounts not set off on statement of financial position		Net amount \$'000
				Financial instruments \$'000	Margin account received as collateral \$'000	
Financial assets						
CFDs	8,365	-	8,365	(6,055)	(1,290)	1,020
Options	254	-	254	(254)	-	-
Futures	849	-	849	-	-	849
	9,468	-	9,468	(6,309)	(1,290)	1,869

	Gross amount of recognised financial assets set off on the statement of financial position \$'000	Gross amount of financial position \$'000	Net amount of financial liabilities presented on the statement of financial position \$'000	Related amounts not set off on statement of financial position		Net amount \$'000
				Financial instruments \$'000	Margin account pledged as collateral \$'000	
Financial liabilities						
CFDs	(10,906)	-	(10,906)	6,055	4,235	(616)
Options	(1,941)	-	(1,941)	254	1,687	-
	(12,847)	-	(12,847)	6,309	5,922	(616)

Notes to the Financial Statements continued

17. Financial Instruments continued

	Gross amount of recognised financial assets set off on the statement of financial position \$'000	Gross amount of recognised financial liabilities set off on the statement of financial position \$'000	Net amount of financial liabilities presented on the statement of financial position \$'000	Related amounts not set off on statement of financial position		2022
				Financial instruments \$'000	Margin account pledged as collateral \$'000	Net amount \$'000
Financial liabilities						
CFDs	19,542	-	19,542	(10,444)	(6,635)	2,463
Options	973	-	973	(973)	-	-
	20,515	-	20,515	(11,417)	(6,635)	2,463

	Gross amount of recognised financial liabilities set off on the statement of financial position \$'000	Gross amount of recognised financial assets set off on the statement of financial position \$'000	Net amount of financial assets presented on the statement of financial position \$'000	Related amounts not set off on statement of financial position		2022
				Financial instruments \$'000	Margin account received as collateral \$'000	Net amount \$'000
Financial assets						
CFDs	(10,891)	-	(10,891)	10,444	-	(447)
Options	(3,240)	-	(3,240)	973	2,267	-
Futures	(277)	-	(277)	-	277	-
	(14,408)	-	(14,408)	11,417	2,544	(447)

Fair Value Hierarchy

The Company is required to disclose the fair value hierarchy that classifies its financial instruments measured at fair value at one of three levels, according to the relative reliability of the inputs used to estimate the fair values.

Classification	Input
Level 1	Valued using quoted prices in active markets for identical assets
Level 2	Valued by reference to inputs other than quoted prices included in level 1 that are observable (i.e. developed using market data) for the asset or liability, either directly or indirectly
Level 3	Valued by reference to valuation techniques using inputs that are not based on observable market data

17. Financial Instruments continued

Categorisation within the hierarchy has been determined on the basis of the lowest level input that is significant to the fair value measurement of the relevant asset. The valuation techniques used by the Company are explained in Note 2(b). The table below sets out the Company's fair value hierarchy:

	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	30 June 2023 Total \$'000
Financial assets at fair value through profit or loss				
Investments in equity securities	751,117	-	1,009	752,126
Equity linked notes	-	17,433	-	17,433
Investee funds	-	3,943	5,106	9,049
Derivative instrument assets - Futures contracts	849	-	-	849
Derivative instrument assets - Options	13	241	-	254
Derivative instrument assets - CFDs	-	8,365	-	8,365
	751,979	29,982	6,115	788,076
Financial liabilities at fair value through profit or loss				
Derivative instrument liabilities - Options	1,516	425	-	1,941
Derivative instrument liabilities - CFDs	-	10,906	-	10,906
	1,516	11,331	-	12,847

Financial instruments classified under Level 2 are valued by reference to inputs other than quoted prices included in level 1 that are observable (i.e. developed using market data) for the asset or liability, either directly or indirectly. The Level 2 instruments include underlying investment funds, equity linked notes, over the counter option contracts and contracts for difference.

	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	30 June 2022 Total \$'000
Financial assets at fair value through profit or loss				
Investments in equity securities	642,794	-	-	642,794
Equity linked notes	-	78,739	-	78,739
Investee funds	-	-	5,809	5,809
Derivative instrument assets - Options	973	-	-	973
Derivative instrument assets - CFDs	-	19,542	-	19,542
	643,767	98,281	5,809	747,857
Financial liabilities at fair value through profit or loss				
Derivative instrument liabilities - Futures contracts	(277)	-	-	(277)
Derivative instrument liabilities - Options	(2,155)	(1,085)	-	(3,240)
Derivative instrument liabilities - CFDs	-	(10,891)	-	(10,891)
	(2,432)	(11,976)	-	(14,408)

	30 June 2023 \$'000	30 June 2022 \$'000
Valuation basis for Level 3 Investment		
Net asset value	5,106	5,809
Most recently available published price	1,009	-
	6,115	5,809

As at 30 June 2023 there were twelve holdings (2022: twelve holdings) classified as Level 3 investments. Two holdings (2022: two holdings) in Investee Funds were valued using the most recently available valuation statements as received from the respective general partner/manager/administrator, updated to include subsequent cash flows. One holding (China Renaissance) was valued using the most recently available published price. Nine holdings (2022: ten holdings) had a nil value.

Notes to the Financial Statements continued

17. Financial Instruments continued

As at the reporting date seven Russian securities (2022: seven) as well as one investment exposed to Ukrainian securities (2022: one) have been fair valued at nil as at 30 June 2023 as a result of trading being suspended on international stock exchanges. These investments have been transferred from Level 1 to Level 3 with a value of nil during the year ended 30 June 2022.

As the key input into the valuation of Level 3 investments is official valuation statements from the investee funds and the adjusted most recently available published price, we do not consider it appropriate to put forward a sensitivity analysis on the basis that insufficient value is likely to be derived by the end users.

The following table summarises the change in value associated with Level 3 financial instruments carried at fair value during the year:

	30 June 2023 Level 3 \$'000	30 June 2022 Level 3 \$'000
Movements in level 3 investments during the year		
Opening balance	5,809	8,770
Sales	(4,045)	(1,473)
Transfers into level 3	1,009	-
Realised gains	3,112	889
Net change in unrealised gains/(losses)	230	(2,377)
Closing balance	6,115	5,809

Unrealised losses as at year end amounting to \$6,956,000 (2022: unrealised losses of \$7,186,000) related to Level 3 securities. Gains and losses (realised and unrealised) included in the Statement of Comprehensive Income for the year are reported in 'Net (losses)/gains on financial assets at fair value through profit or loss'.

The Company holds seven securities issued by Russian entities (2022: seven). These securities continue to be impacted by a range of actions taken by governments, stock exchanges and counterparties, including sanctions regimes, leading to significant valuation and liquidity issues. Due to these issues, and the Company's inability to transact or transfer these assets, the value of the seven Russian securities (2022: seven) held by the Company was written down to nil (2022: nil), reflecting the significant uncertainty in the resolution of geopolitical events. These securities, classified as Level 1 immediately prior to the suspension of Russian markets, were transferred to Level 3 during the year ended 30 June 2022. The Company's investments in the seven Russian securities (2022: seven) amounted to \$17,283,661 immediately prior to suspension of markets on 28 February 2022 with a cost of \$99,959,944 (2022: \$99,959,944).

During the year ended 30 June 2023, one security (China Renaissance) transferred from Level 1 into Level 3 as its shares were suspended from trading on the Hong Kong Stock Exchange in April 2023. The fair value of shares held in China Renaissance amounts to USD 1,008,686 and was determined based on the last available published price for the shares before suspension, with a cost of USD 1,466,334.

The Company's policy is to recognise transfers in and transfers out at the end of each accounting period.

Securities Lending

During the year ended 30 June 2023, the Company was not engaged in securities lending activities. As of 30 June 2022, the Company was no longer engaged in securities lending activities.

Capital Risk Management

The capital of the Company is represented by the equity attributable to holders of Participating Preference Shares. The amount of equity attributable to holders of Participating Preference Shares is subject to change, at most, twice monthly as the Company is a closed-ended fund with the ability to issue additional shares only if certain conditions are met as set out in the Company's scheme particulars. The Company's objective when managing capital is to safeguard the Company's ability to continue as a going concern in order to provide returns for shareholders and to maintain a strong capital base to support the development of the investment activities of the Company.

18. Capital Resources and Gearing

The Company does not have any externally imposed capital requirements. The financial resources of the Company comprise its share capital, reserves and gearing, which are disclosed on the Statement of Financial Position. The Company is managed in accordance with its investment policy and in pursuit of its investment objective, both of which are detailed in the Strategic Report. The principal risks and their management are disclosed in the Strategic Report and in Note 17 above.

The Company's gearing at the year end is set out below:

	30 June 2023			
	Gross gearing		Net gearing	
	Exposure \$'000	% ¹	Exposure \$'000	% ¹
Investments	778,608	97.7	778,608	97.7
Long CFDs	312,737	39.2	312,737	39.2
Short put options	10,789	1.4	10,789	1.4
Long call options	2,879	0.4	2,879	0.4
Total long exposures before hedges	1,105,013	138.7	1,105,013	138.7
Less: short derivative instruments hedging the above	(130,176)	(16.3)	(130,176)	(16.3)
Total long exposures after the netting of hedges	974,837	122.4	974,837	122.4
Short CFDs	203,746	25.5	(203,746)	(25.5)
Short call options	6,406	0.8	(6,406)	(0.8)
Gross Asset Exposure/net exposure	1,184,989	148.7	764,685	96.1
Net Assets	796,734		796,734	
Gearing²		48.7%		(3.90)%

	30 June 2022			
	Gross gearing		Net gearing	
	Exposure \$'000	% ¹	Exposure \$'000	% ¹
Investments	727,342	91.3	727,342	91.3
Long CFDs	249,053	31.3	249,053	31.3
Short put options	16,092	2.0	16,092	2.0
Long call options	3,675	0.5	3,675	0.5
Total long exposures before hedges	996,162	125.1	996,162	125.1
Less: short derivative instruments hedging the above	(68,250)	(8.6)	(68,250)	(8.6)
Total long exposures after the netting of hedges	927,912	116.5	927,912	116.5
Short CFDs	188,830	23.7	(188,830)	(23.7)
Short call options	3,334	0.4	(3,334)	(0.4)
Gross Asset Exposure/net exposure	1,120,076	140.6	735,748	92.4
Net Assets	796,761		796,761	
Gearing²		40.6%		(7.6)%

1 Exposure to the market expressed as a percentage of Net Assets.

2 Gearing is the amount by which Gross Asset Exposure/net exposure exceeds Net Assets expressed as a percentage of Net Assets.

Notes to the Financial Statements continued

19. Transactions with the Manager and Related Parties

FIL Investment Services (UK) Limited is the Company's Alternative Investment Fund Manager and has delegated portfolio management to FIL Investments International. Both companies are Fidelity group companies.

Details of the current fee arrangements are given in Note 4 above. During the year, management fees of \$4,613,000 (2022: \$4,636,000) were payable to the Manager. During the year, marketing fees of \$176,000 (2022: \$148,000) were payable to the Manager. Amounts payable at the reporting date are included in other payables.

At the date of this report, the Board consisted of five non-executive Directors (as shown on pages 29 to 30) all of whom are considered to be independent by the Board. None of the Directors has a service contract with the Company.

The Directors received for the financial year fees totalling £221,115, the breakdown of the fees is shown in the Directors' Remuneration Report on page 35. From 1 July 2023, the Chairman receives an annual fee of £50,000, the Chairman of the Audit Committee and Senior Independent Director receive £38,000 and the other Directors receive an annual fee of £36,000. The following members of the Board hold ordinary shares in the Company at the date of this report: Dr Simon Colson 4,416 shares, Katherine Tsang nil shares, Torsten Koster 15,000 shares, Julian Healy* nil shares and Heather Manners 10,000 shares.

Directors' expenses for the year include travelling, hotel and other expenses which the Directors are entitled to when properly incurred by them in travelling to, attending and returning from meetings and while on other business of the Company.

Directors' related party interests are stated on page 35 as part of the Directors' Remuneration Report.

* Appointed on 12 December 2022.

20. Ultimate Controlling Party

In the opinion of the Directors on the basis of the shareholdings advised to them, the Company has no immediate or ultimate controlling party.

21. Segment Information

The Directors, after having considered the way in which internal reporting is provided to them, are of the opinion that the Company continues to be engaged in a single segment of business, being the provision of a diversified portfolio of investments in emerging markets.

All of the Company's activities are interrelated, and each activity is dependant on the others. Accordingly, all significant operating decisions are based upon analysis of the Company operating in one segment.

The financial positions and results from this segment are equivalent to those per the financial statements of the Company as a whole, as internal reports are prepared on a consistent basis in accordance with the measurement and recognition principles of IFRS.

A breakdown of the Company's financial assets at fair value through profit and loss is shown in the Country exposure of the Company's portfolio on pages 17 and 18.

The Company is domiciled in Guernsey. All of the Company's income from investment is from entities in countries or jurisdictions other than Guernsey.

22. Subsequent events

No significant events have occurred since the end of the reporting date which would impact on the financial position of the Company disclosed in the Statement of Financial Position as at 30 June 2023 or on the financial performance and cash flows of the Company for the year ended on that date.

Alternative Performance Measures

Active Share

Active Share is a measure of the percentage which stock holdings in the Company differ from the constituents of the benchmark, the MSCI Emerging Markets Index. Active share is calculated by taking the sum of the absolute difference between the weights of the holdings in the Company and those in the MSCI Emerging Markets Index and dividing the result by two. See The Year at a Glance inside the front cover of this report for further details.

Discount/Premium

The discount/premium is considered to be an Alternative Performance Measure. It is the difference between the NAV of the Company and the share price and is expressed as a percentage of the NAV. Details of the Company's discount are on the Financial Highlights page.

Gearing

Gearing is considered to be an Alternative Performance Measure. See Note 18 on page 73 for details of the Company's gearing.

Net Asset Value ("NAV") per Participating Preference Share

The NAV per Participating Preference Share is considered to be an Alternative Performance Measure. See the Statement of Financial Position on page 46 and Note 16 on page 61 for further details.

Ongoing charges ratio

Ongoing charges ratio is considered to be an Alternative Performance Measure. The ongoing charges ratio has been calculated in accordance with guidance issued by the AIC as the total of management fees and other expenses expressed as a percentage of the average net assets throughout the year.

	30 June 2023	30 June 2022
Management fees (\$'000)	4,613	4,636
Other expenses (\$'000) ¹	1,619	3,769
Less legal fees - not recurring (\$'000)	-	(1,318)
Ongoing charges (\$'000)	6,232	7,087
Average net assets (\$'000)	768,785	1,179,409
Ongoing charges ratio	0.81%	0.60%

¹ Transaction costs directly associated with purchases and sales of non-derivative securities changed presentation to be included under the 'Net gains/(losses) on financial assets at fair value through profit or loss' line in the capital column of the Statement of Comprehensive Income. In the prior periods the transaction costs were included under 'Other expenses'. The change in presentation is consistently applied for both for the current year and comparative reporting period.

Alternative Performance Measures continued

Total Return Performance

Total return performance is considered to be an Alternative Performance Measure (as defined in the Glossary to the Annual Report on pages 84 to 86). NAV per share total return includes reinvestment of the dividend in the NAV of the Company on the ex-dividend date. Share price total return includes the reinvestment of the net dividend in the month that the share price goes ex-dividend.

The tables below provide information relating to the NAV per share and share prices of the Company, the impact of the dividend reinvestments and the total returns for the years ended 30 June 2023 and 30 June 2022.

2023	Net asset value per share	Share price
30 June 2022	720.13p	633.70p
30 June 2023	688.00p	587.50p
Change in the year	-4.5%	-7.3%
Impact of dividend reinvestment	+1.9%	+2.1%
Total return for the year	-2.6%	-5.2%

2022	Net asset value per share	Share price
30 June 2021	1,013.13p	919.00p
30 June 2022	720.13p	633.70p
Change in the year	-28.9%	-31.0%
Impact of dividend reinvestment	+1.0%	+1.0%
Total return for the year	-27.9%	-30.0%

Securities Financing Transactions Regulation (“SFTR”)

Securities Financing Transactions (Unaudited)

The Company engages in Securities Financing Transactions (SFT) (as defined in Article 3 of Regulation (EU) 2015/2365, securities financing transactions include repurchase transactions, securities or commodities lending and securities or commodities borrowing, buy-sell back transactions or sell-buy back transactions and margin lending transactions). In accordance with Article 13 of the Regulation, the Company’s involvement in and exposures related to SFT for the accounting year ended 30 June 2023 are detailed below.

Global Data

Amount of securities on loan

During the year ended 30 June 2023, the Company was not engaged in securities lending. The total value of securities on loan as a proportion of the Company’s total lendable assets, as at the statement of financial position date, is nil.

Amount of assets engaged in CFDs

The following disclosures relate to CFDs held by the Company which may be considered Total Return Swaps under the SFTR.

As at 30 June 2023, all CFDs were contracted bilaterally with open maturities:

Broker	Fair Value \$'000	Percentage of Net Assets	Collateral held by the broker \$'000	Collateral held by the Company \$'000
Goldman Sachs International (UK)	(1,665)	(0.21%)	-	3,430
HSBC Bank plc (UK)	(1,815)	(0.23%)	-	1,800
J.P. Morgan Securities plc (UK)	1,608	0.20%	1,180	-
Morgan Stanley & Co International (UK)	702	0.09%	110	-
UBS AG (UK)	(1,371)	(0.17%)	-	770

Collateral held by the broker was denominated in US dollars and held in a segregated account on behalf of the Company with a maturity of one day.

Settlement and clearing

OTC derivative transactions are entered into by the Fund under an International Swaps and Derivatives Associations, Inc. Master Agreement (“ISDA Master Agreement”) or similar agreement. An ISDA Master Agreement is a bilateral agreement between the Company and a counterparty that governs OTC derivative transactions (including CFDs) entered into by the parties. All OTC derivative transactions entered under an ISDA Master agreement are netted together for collateral purposes.

Share of collateral received that is reused and reinvestment return

Collateral received for CFD positions is kept in segregated accounts with the brokers and is not reinvested by the Company. There are no returns from reinvestment of collateral received.

Return and cost

All returns from CFDs are earned by the Company. Information about returns and costs related to CFDs is disclosed in Note 3 Income, Note 6 Finance Costs and Note 11 Derivative Instruments.

Notice of Annual General Meeting

NOTICE is hereby given that the thirty-fourth Annual General Meeting of Fidelity Emerging Markets Limited (the "Company") will be held at the registered office of the Company, Level 3, Mill Court La Charroterie, St Peter Port, Guernsey GY1 1EJ, on Thursday, 7 December 2023 at 8:30 a.m. to consider and if thought fit, to pass the following resolutions which will be proposed as ordinary resolutions and special resolutions as set out below:

ORDINARY RESOLUTIONS

To be proposed as ordinary resolutions:

1. To receive the Report of the Directors and audited Financial Statements for the year ended 30 June 2023.
2. To approve the Directors' Remuneration Report for the year ended 30 June 2023.
3. To re-appoint KPMG Channel Islands Limited as Independent Auditor to the Company.
4. To authorise the Directors to agree the remuneration of the Independent Auditor.
5. To declare a final dividend of \$0.19 per share designated as a Participating Redeemable Preference Share (the "Participating Preference Shares") to be paid in respect of the financial year ended 30 June 2023.
6. To re-elect Dr Simon Colson as a Director of the Company.
7. To elect Mr Julian Healy as a Director of the Company.
8. To re-elect Mr Torsten Koster as a Director of the Company.
9. To re-elect Ms Katherine Tsang as a Director of the Company.
10. To re-elect Ms Heather Manners as a Director of the Company.
11. THAT the Directors be generally and unconditionally authorised to allot and issue, grant rights to subscribe for, or to convert securities into, up to 30,366,688 Participating Preference Shares (being 33.33 per cent. of the Company's shares of each class in issue as at the latest practicable date prior to the date of publication of this document (excluding shares held in treasury)) for the period expiring on the date falling fifteen months after the date of passing of this Resolution 13 or the conclusion of the next annual general meeting of the Company, whichever is the earlier, save that the Company may before such expiry make an offer or agreement which would or might require shares to be allotted and issued after such expiry and the Directors may allot and issue shares in pursuance of such an offer or agreement as if the authority had not expired.

SPECIAL RESOLUTIONS

To be proposed as special resolutions:

12. THAT, In substitution for the Company's existing authority to make market purchases of Participating Preference Shares, the Company is authorised to make market purchases of Participating Preference Shares, PROVIDED THAT:

- (a) the maximum number of Participating Preference Shares that may be purchased shall be 13,655,899 being 14.99% of the issued number of Participating Preference Shares at the date of this document or, if lower, such number as is equal to 14.99% of the issued number of Participating Preference Shares at the date of passing the resolution;
 - (b) the maximum price which may be paid for a Participating Preference Share is an amount equal to 105% of the average of the middle market quotations for a Participating Preference Share taken from the London Stock Exchange Daily Official List for the five business days immediately preceding the day on which the Participating Preference Share is purchased;
 - (c) the authority hereby conferred shall expire at the conclusion of the Annual General Meeting of the Company to be held in 2023 unless such authority is renewed prior to such time; and
 - (d) the Company may make a contract to purchase Participating Preference Shares under the authority hereby conferred prior to the expiry of such authority which will or may be executed wholly or partly after the expiration of such authority and may make a purchase of Participating Preference Shares pursuant to any such contract.
13. THAT, in accordance with Article 9(4) of the articles of incorporation of the Company (the "Articles"), the Directors be empowered to allot and issue (or sell from treasury) 9,110,006 Participating Preference Shares (being 10 per cent. of the such Shares in issue of each class as at the latest practicable date prior to the date of this notice (excluding shares held in treasury)) for cash as if Article 9.4 of the Articles did not apply to the allotment and issue (or sale from treasury) for the period expiring on the date falling fifteen months after the date of passing of this Resolution 13 or the conclusion of the next annual general meeting of the Company, whichever is the earlier, save that the Company may before such expiry make offers or agreements which would or might require shares to be allotted and issued (or sold) after such expiry and the Directors may allot and issue (or sell) shares in pursuance of any such offer or agreement notwithstanding that the power conferred by this Resolution 13 has expired.

Notes to the Notice of Meeting

1. A member of the Company who is entitled to attend the AGM is entitled to appoint one or more proxies to attend speak and vote in his or her place. A proxy does not need to be a member of the Company but must attend the meeting to represent you. Details of how to appoint the Chairman of the meeting or another person as your proxy using the proxy form are set out in the notes to the proxy form. If you wish your proxy to speak on your behalf at the meeting you will need to appoint your own choice of proxy (not the Chairman) and give your instructions directly to them. A member may appoint more than one proxy to attend the meeting provided that each proxy is appointed to exercise rights attached to different shares.
2. To allow effective constitution of the AGM, if it is apparent to the Chairman that no members of the Company will be present in person or by proxy, other than by proxy in the Chairman's favour, the Chairman may appoint a substitute to act as proxy in his stead for any member, provided that such substitute proxy shall vote on the same basis as the Chairman.
3. A form of proxy is enclosed which should be completed in accordance with the instructions. To be valid, the form of proxy (together with the power of attorney or other authority (if any) under which it is signed or a notarially certified copy of such authority) must be deposited with the Company's Registrar Computershare Investor Services (Guernsey) Limited, c/o the Pavilions, Bridgwater Road, Bristol BS99 6ZY by not less than 48 hours before the time for holding the meeting or any adjournment thereof at which the person named in the instrument proposes to vote. Completion of the form of proxy will not preclude a member from attending and voting in person, your proxy appointment will automatically be terminated.
4. To change your proxy instructions simply submit a new proxy form using the methods set out above and in the notes to the proxy form. Note that the cut-off date and time for receipt of a proxy form (see above) also apply in relation to amended instructions; any amended proxy form received after the relevant cut-off date and time will be disregarded. If you submit more than one valid proxy form, the form received last before the latest time for the receipt of proxies will take precedence.
5. In order to revoke a proxy instruction you will need to inform the Company by sending a signed hard copy notice clearly stating your intention to revoke your proxy appointment to the Company's Registrar. In the case of a member which is an individual the revocation notice must be under the hand of the appointer or of his attorney duly authorised in writing or in the case of a member which is a company, the revocation notice must be executed under its common seal or under the hand of an officer of the company or an attorney duly authorised. Any power of attorney or any other authority under which the revocation notice is signed (or a notarially certified copy of such power or authority) must be included with the revocation notice.
6. The revocation notice must be received by 8:30 a.m. on 5 December 2023. If you attempt to revoke your proxy appointment but the revocation is received after the time specified then, subject to the paragraph directly below, your proxy appointment will remain valid.
7. The Company gives notice that those Shareholders entered on the register of members of the Company at 8:30 a.m. on 5 December 2023 (or their duly appointed proxies) will be entitled to attend and vote at the aforesaid meeting in respect of the number of shares registered in their name at that time. Changes to the entries on the register after that time will be disregarded in determining the rights of any person to attend or vote at the AGM.

Administration

Registered Office

Level 3, Mill Court La Charroterie
St Peter Port
Guernsey GY1 1EJ

Website

www.fidelity.co.uk/emergingmarkets

**Alternative Investment Fund Manager
(from 4 October 2021)**

FIL Investment Services (UK) Limited
Beech Gate
Millfield Lane
Lower Kingswood
Tadworth
Surrey KT20 6RP

Investment Manager and Company Secretary

FIL Investments International
Beech Gate
Millfield Lane
Lower Kingswood
Tadworth
Surrey KT20 6RP

Custodian

JP Morgan Chase Bank
25 Bank Street
Canary Wharf
London E14 5JP
United Kingdom

*(Authorised and regulated by the United Kingdom's
Financial Conduct Authority)*

Administrator

J.P. Morgan Administration Services (Guernsey) Limited
Level 3, Mill Court La Charroterie
St Peter Port
Guernsey GY1 1EJ

*(Authorised and regulated by the Guernsey Financial
Service Commission)*

Registrar

Computershare Investor Services
(Guernsey) Limited
13 Castle Street
St. Helier
Jersey JE1 1ES
Channel Islands
Telephone: +44 (0) 370 707 4040
www.investorcentre.co.uk/je

Stockbrokers

JP Morgan Cazenove
25 Bank Street
Canary Wharf
London E14 5JP
United Kingdom

Jefferies International Limited
100 Bishopsgate
London EC2N 4JL
United Kingdom

Independent Auditor

KPMG Channel Islands Limited
Glategny Court
Glategny Esplanade
St. Peter Port
Guernsey GY1 1WR

General Data Protection Regulation ("GDPR")

What personal data is collected and how it is used

The Company is an investment trust which is a public limited company and has certain regulatory obligations such as the requirement to send documents to its shareholders, for example, the Annual Report and other documents that relate to meetings of the Company. The Company will therefore collect shareholders' personal data such as names, addresses and identification numbers or investor codes and will use this personal data to fulfil its statutory obligations.

Any personal data collected will be kept securely on computer systems and in some circumstances on paper. Personal information is kept secure in line with Fidelity's Information Security policies and standards. If you are unhappy with how we have used your personal data, you can complain by contacting the UK Data Protection Officer at Fidelity International, Beech Gate, Millfield Lane, Lower Kingswood, Tadworth, Surrey KT20 6RP.

Sharing personal data

In order to assist the Company in meeting its statutory requirements, the Company delegates certain duties around the processing of this data to its third party service providers, such as the Company's Registrar and Printers. The Company has appointed Fidelity to undertake marketing activities for the Company and their privacy statement can be found on the Company's website at <https://investment-trusts.fidelity.co.uk/privacy-policy/>

The Company's agreements with the third party service providers have been updated to be compliant with GDPR requirements. The Company confirms to its shareholders that their data will not be shared with any third party for any other purpose, such as for marketing purposes. In some circumstances, it may be necessary to transfer shareholders' personal data across national borders to Fidelity Group entities operating in the European Economic Area ("EEA"). Where this does occur, the European standard of protections will be applied to the personal data that is processed. Where personal data is transferred within the Fidelity Group, but outside of the EEA, that data will subsequently receive the same degree of protection as it would in the EEA.

Retention Period

We will keep the personal data for as long as is necessary for these purposes and no longer than we are legally permitted to do so.

Requesting access, making changes to your personal data and other important information

Shareholders can access the information that the Company holds about them or ask for it to be corrected or deleted by contacting Fidelity's UK Data Protection Officer, Fidelity International, Beech Gate, Millfield Lane, Lower Kingswood, Tadworth, Surrey KT20 6RP.

Alternative Investment Fund Manager's Disclosure (unaudited)

In compliance with the Alternative Investment Fund Managers' Directive ("AIFMD"), the Board has appointed FIL Investment Services (UK) Limited ("FISL") as the Company's Alternative Investment Fund Manager ("AIFM"). FISL has delegated the investment management to FIL Investments International ("FIL") and the company secretarial function.

Details of the current Management Agreement can be found in the Strategic Report on pages 21 to 28.

The table below discloses information required by the Alternative Investment Fund Managers' Regulations 2013.

Function	AIFM Role and Responsibility	AIFMD Disclosure
Investment management	<p>The AIFM provides portfolio management of assets and investment advice in relation to the assets of the Company. It has delegated this function to FIL Investments International ("FIL").</p> <p>The Board remains responsible for setting the investment strategy, investment policy and investment guidelines and the AIFM operates within these guidelines.</p>	<p>Details of the Company's investment objective, strategy and investment policy, including limits, are on pages 21 and 22.</p>
Risk management	<p>The AIFM has a responsibility for risk management for the Company which is in addition to the Board's corporate governance responsibility for risk management.</p> <p>The Company has a Risk Management Process Document which is agreed with the Board and demonstrates that risk management is separated functionally and hierarchically from operating units and demonstrates independence safeguards. The Manager maintains adequate risk management systems in order to identify, measure and monitor all risks at least annually under AIFMD. The Manager is responsible for the implementation of various risk activities such as risk systems, risk profile, risk limits and testing.</p> <p>The Board, as part of UK corporate governance, remains responsible for the identification of significant risks and for the ongoing review of the Company's risk management and internal control processes.</p>	<p>The AIFM has an ongoing process for identifying, evaluating and managing the principal risks faced by the Company and this is regularly reviewed by the Board. The Board remains responsible for the Company's system of risk management and internal controls and for reviewing its effectiveness. Further details can be found in the Strategic Report on pages 21 to 28 and in Note 17 to the Financial Statements on pages 61 to 72.</p>
Valuation of illiquid assets	<p>AIFMD requires the disclosure of the percentage of the Alternative Investment Fund's assets which are subject to special arrangements arising from their illiquid nature and any new arrangements for managing the liquidity of the Company.</p>	<p>As at the date of this report, none of the Company's assets is subject to special arrangements arising from its illiquid nature.</p>

Function	AIFM Role and Responsibility	AIFMD Disclosure
Leverage	<p>The Company may be geared through (i) borrowing of up to 10% of its net asset value and/or (ii) by entering into derivative positions (both long and short) which have the effect of gearing the Company's portfolio, to enhance performance.</p> <p>The AIFM has set maximum levels of leverage that are reasonable. It has implemented systems to calculate and monitor compliance against these limits and has ensured that the limits have been complied with at all times.</p> <p>There are two methods of calculating leverage - the Gross Method which does not reduce exposure for hedging; and the Commitment Method which does reduce exposure for hedging</p>	<p>The maximum leverage limits are 2.50 for the Gross Method of calculating leverage and 2.00 for the Commitment Method.</p> <p>At 30 June 2023, actual leverage was 1.82 for the Gross Method and 1.68 for the Commitment Method.</p>
Liquidity management	<p>The AIFM, in consultation with the Board, maintains a liquidity management policy which is considered at least annually.</p>	<p>The Company's assets mainly comprise readily realisable securities and derivative instruments which can be sold easily to meet funding commitments if necessary.</p> <p>Further details can be found in Note 17 on page 61.</p>
Remuneration of the AIFM	<p>The AIFM operates under the terms of Fidelity's Global Remuneration Policy Statement. This ensures that the AIFM complies with the requirements of the FCA's Remuneration Code (SYSC19A); the AIFM Remuneration Code (SYSC19B) and the BIPRU Remuneration Code (SYSC19C).</p>	<p>Details of Fidelity International's Global Remuneration Policy can be found at www.fidelityinternational.com/global/remuneration/default.page</p>

Glossary to the Annual Report

ACTIVE SHARE

Active Share is a measure of the percentage by which stock holdings in the Company differ from the constituents of the benchmark, the MSCI Emerging Markets Index. Active share is calculated by taking the sum of the absolute difference between the weights of the holdings in the Company and those in the MSCI Emerging Markets Index and dividing the result by two.

ADR (AMERICAN DEPOSITARY RECEIPT)

A negotiable certificate issued by a US bank representing a specified number of shares in a foreign stock that is traded on a US Exchange.

AIC

The Association of Investment Companies ("AIC"). The Company is a member of the AIC.

AIF

Alternative Investment Fund ("AIF"). The Company is an AIF.

AIFM

Alternative Investment Fund Manager ("AIFM"). The Board has appointed FIL Investment Services (UK) Limited to act as the Company's AIFM.

AIFMD

The Alternative Investment Fund Managers Directive ("AIFMD") is a European Union Directive implemented on 22 July 2014.

ALTERNATIVE PERFORMANCE MEASURES

The Company uses the following Alternative Performance Measures which are all defined in this Glossary:

- Active Share
- Discount/Premium;
- Gearing (Gross and Net);
- Net Asset Value (NAV) per Participating Preference Share;
- Ongoing Charges ratio;
- Total Return Performance (Net Asset Value Total Return or Share Price Total Return)

ASSET EXPOSURE

The value of an underlying security or instrument to which the Company is exposed, whether through direct or indirect investment (including the economic value of the exposure in the underlying asset of derivative).

AUDITOR

KPMG Channel Islands Limited, or such other auditor, as the Company may appoint from time to time.

BENCHMARK INDEX (THE INDEX)

The Company's benchmark index, the MSCI Emerging Markets Index.

COLLATERAL

Assets provided as security.

CONTRACT FOR DIFFERENCE (CFD)

A contract for difference is a derivative. It is a contract between the Company and an investment bank at the end of which the parties exchange the difference between the opening price and the closing price of the underlying asset of the specified financial instrument. It does not involve the Company buying or selling the underlying asset, only agreeing to receive or pay the movement in its share price. A contract for difference allows the Company to gain access to the movement in the share price by depositing a small amount of cash known as margin. The Company may reason that the asset price will rise, by buying ("long" position) or fall, by selling ("short" position). If the Company holds long positions, dividends are received and interest is paid. If the Company holds short positions, dividends are paid and interest is received.

CUSTODIAN

An entity that holds (as intermediary) the Company's assets, arranges the settlement of transactions and administers income, proxy voting and corporate actions. The Company's Custodian is JPMorgan Chase Bank.

DERIVATIVES

Financial instruments whose value is derived from the value of an underlying asset or other financial instruments. The main categories of derivatives are contracts for difference, warrants, futures and options.

DISCOUNT

If the share price of the Company is lower than the Net Asset Value per Participating Preference Share, the Company's shares are said to be trading at a discount. It is shown as a percentage of the Net Asset Value per Participating Preference Share.

EARNINGS

The earnings generated in a given period from investments:

- **Revenue Earnings** – reflects the dividends and interest from investments and other income, net of expenses, finance costs and taxation;
- **Capital Earnings** – reflects the return on capital, excluding any revenue earnings; and
- **Total Earnings** – reflects the aggregate of revenue and capital earnings.

EQUITY LINKED NOTES (ELNS)

Debt instruments whose return on investment is linked to specific equities or equity markets. The return on equity linked notes may be determined by an equity index, a basket of equities, or a single equity.

EQUITY SHAREHOLDERS' FUNDS

Also described as Net Asset Value, Shareholders' Funds represent the total value of the Company's assets less the total value of its liabilities as shown in the Statement of Financial Position.

FAIR VALUE

The carrying value in the Statement of Financial Position which represents the amount that would be received or paid on disposal of the financial asset or liability.

FIDELITY

FIL Investments International.

FIL LIMITED

The ultimate parent company of the FIL Group of companies. Incorporated in Bermuda.

FIL

FIL Limited and each of its subsidiaries.

FORWARD CURRENCY CONTRACT

An agreement to buy or sell a currency, commodity or other asset at a specified future date and at a redetermined price.

FUTURE OR FUTURE CONTRACT

An agreement to buy or sell a stated amount of a security, currency or commodity at a specific future date and at a preagreed price.

GROSS ASSET EXPOSURE

The value of the portfolio to which the Company is exposed, whether through direct or indirect investment (including the economic value of the exposure in the underlying asset of the derivatives, but excluding forward currency contracts).

GROSS GEARING

Gross Asset Exposure less Equity Shareholders' Funds expressed as a percentage of Equity Shareholders' Funds.

HEDGES

Short positions that demonstrate risk-reduction qualities by offsetting long positions held by the Company which have regional congruence and a correlation of at least 80% to the Long Exposure of the Company.

INVESTMENT MANAGER

FIL Investments International

LONG EXPOSURE

The value of the Company's direct and indirect investments in long positions (including the economic value of the exposure to the reference asset of any derivative instrument).

MANAGER

FIL Investment Services (UK) Limited is the appointed Manager under the Alternative Investment Fund Managers' Directive ("AIFMD") and has delegated the investment management of the Company to the Investment Manager.

MSCI EMERGING MARKETS INDEX

The Benchmark Index of the investment performance of the Company, in UK sterling terms.

NET ASSET VALUE PER PARTICIPATING PREFERENCE SHARE TOTAL RETURN

NAV per Participating Preference Share Total Return is a measure showing how the NAV per Participating Preference Share has performed over a period of time, taking into account dividends paid to shareholders. Total Return measures allow shareholders to compare performance between investment funds where the dividend paid may differ. To calculate Total Return, it is assumed that dividends are reinvested into the assets of the Company at the prevailing NAV on the last day of the month that the shares first trade ex-dividend.

NET ASSET VALUE PER PARTICIPATING PREFERENCE SHARE

Net Assets are the value of the Company's assets less its liabilities. Net Asset Value ('NAV') per Participating Preference Share is the Net Assets divided by the number of Participating Preference Shares in issue.

NET ASSETS

The value of the Company's assets minus its liabilities.

NET GEARING

Net Market Exposure less Equity Shareholders' Funds expressed as a percentage of Equity Shareholders' Funds.

NET MARKET EXPOSURE

Net positive market exposure of the Company's portfolio, whether through direct or indirect investment, with short and hedge positions subtracted from long positions. It is calculated as (Long Exposure - Hedges) - Short Exposure.

ONGOING CHARGES RATIO

The ongoing charges ratio is a measure used to estimate the expenses likely to occur in the foreseeable future. It is calculated by dividing the annualised ongoing charges (total operating expenses excluding transaction costs and one-off charges) by the average month end net asset values of the Company for the year under review and has been prepared in accordance with the AIC's recommended methodology. The change in the ongoing charges ratio for the reporting period is driven by the change of Manager from 4 October 2021. Under the terms of the Investment Management Agreement, the Manager has waived its entitlement to receive a Management Fee for a period of nine months from its date of appointment.

OPTIONS

An option is a contract which gives the right but not the obligation to buy or sell an underlying asset at an agreed price on or before an agreed date. Options may be call or put and are used to gain or reduce exposure to the underlying asset on a conditional basis.

PORTFOLIO

The Company's portfolio which may be made up of equities, index linked securities, equity linked notes and other debt securities, cash deposits, money market instruments, foreign currency exchange transactions and other interests including derivatives (such as futures, options and contracts for difference).

Glossary to the Annual Report continued

PREMIUM

If the share price of the Company is higher than the net asset value per ordinary share, the Company's shares are said to be trading at a premium. The premium is shown as a percentage of the net asset value per ordinary share.

REGISTRAR

The entity that manages the Company's shareholder register. The Company's Registrar is Computershare Investor Services (Guernsey) Limited.

RESERVES

- **Share premium account** represents the amount by which the proceeds from the issue of ordinary shares has exceeded the cost of those ordinary shares. It is not distributable by way of dividend and cannot be used to fund share repurchases.
- **Capital reserve** represents realised gains or losses on investments and derivatives sold, unrealised increases and decreases in the fair value of investments and derivatives held and other income and costs recognised in the capital column of the Statement of Comprehensive Income. It can be used to fund share repurchases and it is distributable by way of dividend.
- **Revenue reserve** represents retained revenue surpluses recognised through the revenue column of the Statement of Comprehensive Income. It is distributable by way of dividend.

SECRETARY

FIL Investments International.

SHARE PRICE TOTAL RETURN

Share Price Total Return is a measure showing how the Share Price has performed over a period of time, taking into account dividends paid to shareholders. Total Return measures allow shareholders to compare performance between investment funds where the dividend paid may differ. To calculate Total Return, it is assumed that dividends are reinvested into the shares of the Company at the prevailing Share Price on the last day of the month that the shares first trade ex-dividend.

SHARE PRICE

The Share Price taken is the closing price. This is the price at which the Company's shares trade on the London Stock Exchange at the end of trading on a business day.

SHORT EXPOSURE

The position of the Company when it has sold a security or derivative that it does not own but is now committed to eventually purchase in order to satisfy its obligation to sell. It is a strategy used to capitalise on an expected decline in the security's or derivative's price.

SIZE OF COMPANY (MARKET CAP)

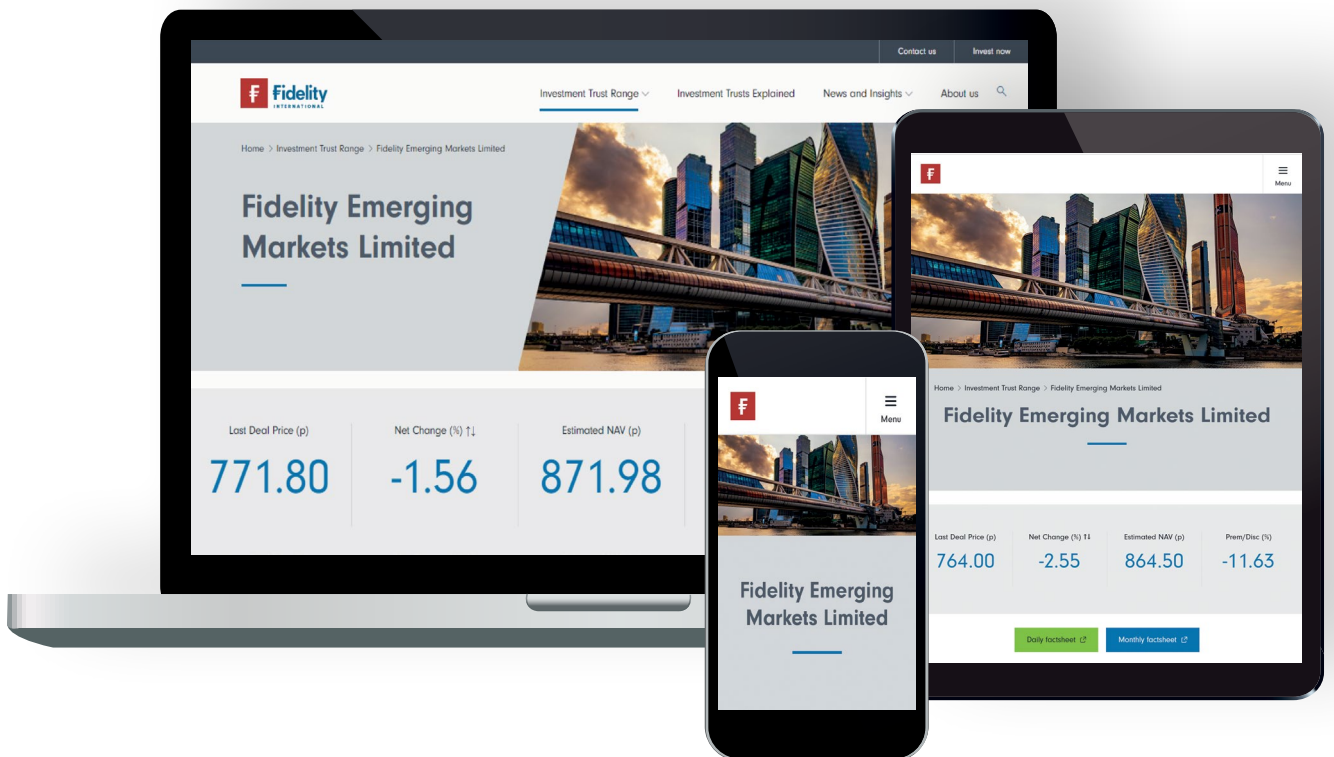
- Large - above \$50bn;
- Medium - between \$10bn - \$50bn;
- Small - below \$10bn

TOTAL ASSETS

Net Assets plus borrowings. The Company does not have any borrowings.

UNLISTED COMPANIES

Companies not listed on a regulated stock exchange. They are stated at best estimate of fair value, based on recognised valuation techniques which may take account of recent arm's length transactions in the investments.



To find out more about Fidelity Emerging Markets Limited, visit our website at www.fidelity.co.uk/emergingmarkets where you can read articles and watch videos on the Company.



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100% of the inks used are vegetable oil based 95% of press chemicals are recycled for further use and on average 99% of any waste associated with this production will be recycled.

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The unavoidable carbon emissions generated during the manufacture and delivery of this document, have been reduced to net zero through a verified, carbon offsetting project.

